

CONDENSED TRANSCRIPT  
of the  
CONFERENCE  
of the  
TAX REVISION COUNCIL

OCTOBER 8 AND 9, 1936  
NEW HOUSE OFFICE BUILDING  
WASHINGTON, D. C.

## TAX REVISION COUNCIL MEMBERSHIP

Chairman, Robert L. Doughton

### FEDERAL MEMBERS

Hon. Morris Copeland  
Hon. Robert Doughton, Chairman,  
House Ways and Means Committee  
Hon. George C. Haas, Director of  
Research and Statistics,  
U. S. Treasury Department  
Senator Pat Harrison, Chairman,  
Senate Finance Committee  
Senator William H. King,  
Senate Finance Committee

Hon. Roswell Magill  
Hon. Henry Morgenthau, Secretary,  
U. S. Treasury Department  
Hon. Lovell H. Parker, Chief of Staff,  
Joint Committee on Internal Revenue  
Hon. Stuart A. Rice  
Hon. Fred M. Vinson,  
House Ways and Means Committee

### STATE MEMBERS

Hon. William B. Belknap, Kentucky  
Hon. Mark Graves, President,  
New York State Tax Commission  
Hon. Laurens M. Hamilton, New York  
Hon. M. S. Howard, Deputy Commissioner,  
Department of Taxation and Finance,  
New York  
Hon. Henry F. Long, Commissioner of

Corporations and Taxation, Massa-  
chusetts  
Senator Seabury C. Mastick, New York  
Hon. C. H. Morrisett, State Tax Commis-  
sioner, Virginia  
Hon. Henry W. Toll, Colorado  
Senator George Woodward, Pennsylvania  
Hon. George F. Yantis, Washington

### CITY AND COUNTY MEMBERS

Judge Guy Boyington, Astoria, Oregon  
President C. A. Dykstra, Wisconsin Uni-  
versity, Wisconsin  
Hon. Charles J. Fox, City Auditor, Boston,  
Massachusetts  
Mayor Daniel W. Hoan, Milwaukee, Wis-  
consin

Hon. Leonard S. Leavy, Controller,  
San Francisco, California  
Hon. Kenneth J. McCarten, Detroit Board  
of Assessors, Detroit, Michigan  
Judge Otis Miller, District Attorney,  
Anson, Texas  
Hon. J. K. Warkentin, County Clerk and  
Assessor, Marion, Kansas

## FRIDAY MORNING SESSION

May 8, 1936

**T**HE general meeting of the Tax Revision Council convened in the ways and means committee room, New House Office Building, Washington, D. C., May 8th, 1936, at 10:00 A.M., Hon. Seabury C. Mastick presiding.

Those present were: (1) federal members: Mr. Robert L. Doughton, Mr. Sherre, substitute for Mr. Haas, Mr. Lovell H. Parker, and Mr. W. Myers; (2) state members: Mr. Seabury C. Mastick, Mr. William B. Belknap, Mr. Howard E. Silberstein, substitute for Mr. Mark Graves, Mr. Henry F. Long, Mr. C. H. Morrisett, Mr. Henry W. Toll, Mr. George E. Woodward, and Mr. George F. Yantis; (3) city and county members: Leonard S. Leavy, C. A. Dykstra, Charles J. Fox, Kenneth J. McCarren, Guy Boyington, and J. K. Warkentin; and (4) Mr. Stuart Rice of the Census Bureau, Mr. Gray of the Census Bureau, Mr. Sims of the Census Bureau, Mr. Hugh Gallagher, and Mr. George C. S. Benson.

Mr. Toll announced the committees of the Council as follows: federal-state planning committee, William B. Belknap, chairman, Mark Graves, represented by Howard Silberstein, Herman Oliphant, L. H. Parker, Henry F. Long and Leonard S. Leavy; state-local planning committee, C. H. Morrisett, chairman, George Woodward, Charles J. Fox, Guy Boyington, J. K. War-

kentin and Otis Miller; federal, state, and local functions committee, C. A. Dykstra, chairman, Herman Oliphant, Seabury C. Mastick, George F. Yantis, and Daniel W. Hoan; general survey committee, Kenneth J. McCarren, chairman, George C. Haas, Seabury C. Mastick, L. H. Parker, with Morris Copeland, Stuart Rice, Wayne Howard, and John Willmott as advisory members.

**MR. TOLL:** The uncoordinated taxing policy of the federal government is a serious handicap to financing state and local governments. The federal government has utilized the most productive sources of revenue to the extent that they will not stand the imposition of taxes by other levels. It is inevitable that we are coming to a crisis. When that time comes there is going to be a movement for a program of properly integrated tax structure. Then government is going to look back over the work that this group has been doing in the past few years and every ounce of work we do now is going to be worth two tons.

The suggestion has been made that after perhaps thirty minutes in general discussion, the members of the conference meet in the four committees.

The meeting adjourned shortly thereafter at which time the subcommittees went into session.

## FRIDAY AFTERNOON SESSION

May 8, 1936

**T**HE Friday afternoon session of the general meeting of the Tax Revision Council convened at 3:30 P.M., in the ways and means committee room, New House Office Building, May 8, 1936, Seabury C. Mastick, presiding.

**MR. MASTICK:** Mr. Morrisett's committee on state-local planning has a report at this time to be read by Mr. Fox.

**MR. FOX:** (1) In the course of the last quarter of a century or more, technological

developments have resulted in definitely increased needs for governmental activity from the administrative and political viewpoints. Much of this increase should be, and has been, local in character. In the meantime, it has been demonstrated that property taxation cannot be expanded to meet the increased needs.

The problem, then, is in large part that of integrating the state with the localities so that (a) property taxes may be more effectively administered and (b) revenue re-

sources, collected by the state through death taxes, special corporation taxes, and income taxes, can be distributed in some measure for the support of local activities.

(2) In the field of property taxation one plan, which has been well developed in some states, is that of state supervision in the original assessment and collection of local property taxes.

A second type of relationship under the property tax is the provision of state assessment for interjurisdictional properties; that is, for properties which are not definitely localized in character.

Numerous other techniques have been developed for rendering property tax administration effective, and each of these will be considered by this committee.

(3) Turning from property taxation to the state-local financial relationship in its more generalized terms, the most obvious, definite hookup is the device known as state-administered, locally-shared taxes.

(4) In New York, Virginia, and Wisconsin considerable use has been made of the state grants in aid for particular activities.

(5) This committee will examine also the extent to which county and municipal home rule, and other devices for modified local government structure designed to make it economical and effective, should be employed.

(6) Several states have developed a considerable measure of central supervision of local budgets, borrowing, auditing, and accounting, and occasionally tax levies.

(7) One other device for a state-local hookup is the centralization of comparable statistics of local activities, financial and otherwise.

This committee believes that before any model plan for coordinating state and local tax systems can be developed, it is necessary to determine a reallocation of governmental functions among federal, state, and local governments with respect to: (1) the administration of relief; (2) the support of education; (3) highway construction and maintenance; (4) law enforcement; and (5) a great number of other functions and services which are at present being independently performed by federal, state, and local governments.

MR. MASTICK: Mr. Belknap's committee

on federal state planning has something to say.

MR. BELKNAP: I doubt if we could be in a position either by tomorrow or Sunday afternoon to bring in any very serious recommendations. Right now the best idea, I think, would be for each state to set up its own tax revision council which would agree in regional meetings and then make recommendations to the federal government. We should work from the bottom.

MR. PARKER: Would there be any possibility of adopting a few general principles on any problem upon which everyone would agree?

MR. BELKNAP: I think that if we could concur on some generalizations it would be helpful, but generalizations seem harder to arrive at than the specific points.

MR. TOLL: I have a great respect for Mr. Belknap's ideas on this, but I cannot help feeling that the formulation of some basic principle, even if just for our own benefit, would be very helpful.

MR. PARKER: I agree with Mr. Belknap that we could not work out a satisfactory program, but we might develop something about which we could think and talk.

MR. TOLL: I would like to hear from Mr. McCarren on his general survey committee.

MR. MCCARREN: We are at a disadvantage because we do not know anything about the program of the other committees and what figures and facts are needed.

MR. DYKSTRA: I can say very briefly what we are going to ask for and I think that will be our report.

First of all, the committee on state and local functions wants a vertical list of what functions are being performed for the people of the United States by any governmental unit whatsoever; second, we want a horizontal list of how many agencies of government are doing something in the same field; third, we want to know what is being spent on these various functions; and, fourth, what proportion of what is being spent on these various functions is part of the tax burden, and what part is being paid for directly by the people who receive the service?

It seems to me that our problem is not one of integration within the federal government, but of distribution of functions among different levels—federal, state, and local.

I want a realistic approach. We should set apart those things which are possibly federal functions and upon which we can all agree. It should be an economic problem and not a political one. After we find out

who is doing the work and if more than one unit is doing the same thing, then we should find out who should and could do it best.

The meeting adjourned.

## SATURDAY MORNING SESSION

May 9, 1936

**T**HE Saturday morning session of the Tax Revision Council was called to order by the chairman, Senator Mastick.

MR. FOX: There are five lines of investigation which would be of great assistance to the state-local planning committee, namely: (1) specific kinds of state-administered, locally shared taxes and their relative importance in local revenue systems; (2) summary of various methods of state supervision and/or review of assessment and collection of local property taxes; (3) character and extent of state grants-in-aid for locally administered functions; (4) survey of the various systems of state control and supervision of municipal finances now in actual operation; and (5) specific types of statistical data, with reference to local activities, which, if collected from the several states, would furnish a comparable basis for evaluating and controlling local expenditures.

MR. BENSON: The report of the general survey committee is as follows:

Your general survey committee has considered the program suggested by the other committees. It must be understood that the collection of this information will require a large and expensive staff. The council does not have sufficient funds to hire such a staff. However, this work must be done. We therefore recommend that the council engage a coordinator or planner who will use all the research agencies and facilities in the field of government and education. While this task may seem impossible of accomplishment, we believe that with the assistance and cooperation of the several governmental research organizations and various governmental departments the task can be accomplished. While much of this information has never been recorded, it is

believed that the council may, through several requests, encourage and set in motion such studies.

MR. DYKSTRA: That is the way to go at it, I am very certain. The federal government at the present time is trying to work up surveys and investigational projects for the WPA for the next six months. Our coordinator should be in touch with that program, filling in the gaps and gathering together the data we want.

MR. WOODWARD: I have nine questions on which I would like to get the opinions of the gentlemen: (1) Shall we concentrate on waste in all levels of government? (2) Shall we lend a hand to promote civil service (in states)? (3) What is the argument about the death tax belonging to the state? (4) Shall we urge discontinuance of tax free bonds? (5) What shall be the lowest unit to tax in the state? (6) In the fading of local self-government what can remain? (7) What does home rule for cities mean? (8) Should federal aid be matched by states? (9) Is housing plus subsidy fair to industry?

MR. MASTICK: Mr. Yantis, how about this waste in levels of government?

MR. YANTIS: Waste in government is pretty hard to define. May I suggest that if we are to advance the cause of taxation and sound government we should try to arrive at a reasonable viewpoint on the functions of government and on the various factors which should be considered in determining the proper size of the tax and how the burden should be distributed? I will say with absolute assurance that before five years have passed we will be taxing in this country for economic purposes as distinct from government purposes.

MR. MASTICK: What is the lowest unit to tax in the state? Mr. Warkentin, what do you think?

MR. WARKENTIN: In our state we have in the neighborhood of 7,200 school districts as well as townships which can levy taxes.

MR. MORRISSETT: I think that the question of how many layers of government we ought to have is of the utmost importance. In Virginia the county outside of the incorporated town is the only layer of local government. The board of supervisors is the only body which can levy any taxes. We cannot hope to simplify the tax system until we simplify our government.

MR. BOYINGTON: A recently enacted law in Oregon authorizes counties to go on the county unit system so that there is one school district for the entire county with the exception of schools of the first class. Some counties are adopting that. It is more efficient. In our state various overlapping districts have the authority to levy taxes.

CHAIRMAN MASTICK: We have some other interesting questions. "Shall we urge discontinuance of tax-free municipal bonds?"

MR. MCCARREN: I really think there is too much tax exemption, but I am afraid of the result of the elimination of tax-free bonds. I am also afraid of the result of tax free bonds. If the federal government decided to tax municipal and state bonds, Michigan, for instance, would have to pay taxes to cover the increased interest yield. The state and city bonds are held by insurance companies all over the country. If by the taxation of the state bonds the interest yield is raised that means that the people of other states are going to have to pay the tax to the states where the bond holders live and will be unable to get back the interest yield. I think we are treading on dangerous ground to go in for the taxing of state and municipal bonds.

MR. FOX: My opinion is that we should remove all these tax exemptions. I see no reason why a man who owns a house or a piece of ground should have to bear the bulk of taxation when the man who owns the bond can put it away and receive the same services and not bear any of the burdens.

MR. BELKNAP: I think we have inverted the proper arrangement for investment by this tax exemption privilege. When you exempt the safest form of investment you

put a premium on it for the large investor and make the return so small that it removes it from the interest of the small investor. I think that is one of the reasons for not exempting this particular type of investment.

MR. DYKSTRA: At this time I want to bring up the question of money for the Council's activities. Where are we going to get it? I understood that the officials of the treasury were attempting to get an appropriation of \$25,000. What's happened to that?

MR. TOLL: We have had no confirmation on that. I was talking with Mr. Parker last night and he said that he thought we could check on that here. I thought it was going to be included in the Second Deficiency Bill.

MR. DYKSTRA: If we need a large personnel to conduct these studies over the next six months, I suggest that we get in touch with the WPA staff at the earliest possible moment.

MR. TOLL: I think it is very desirable. In that connection, the Council of State Governments has had plans before the WPA for the last eight months for a comparative study of the forty-eight states. It may be that this project of trying to make a complete list of the functions performed by the state governments could be tied in with the analysis of the functions performed by the local units.

CHAIRMAN MASTICK: Will you take this up with Mr. Dykstra, Mr. Toll?

Now we will have the report of Mr. Belknap's committee.

MR. BELKNAP: The federal-state planning committee, after considering the report entitled "Conflicting Taxation—the 1935 Progress Report of the Interstate Commission on Conflicting Taxation," published jointly by the American Legislators' Association and the Council of State Governments, and, in particular, reference to p. 183, Appendix D, "Plans for Eliminating Tax Conflicts," concluded that further discussion of this report would be necessary before any definite conclusions could be reached.

The committee is further of the opinion that this matter should be studied not only by the present council, but that the states should first study to readjust their relations with their subdivisions and with each

other, with the objective of eliminating conflicts at home before entering the wider field.

These constructive studies could then form the basis for agreements between the states and the federal government.

The logical agency for coördinating this work is, of course, the Council of State Governments. Furthermore, it is recommended that the approach to this program be developed along the lines of state tax-revision councils.

MR. GALLAGHER: You have already established state commissions on taxation. Might they be a duplication of this plan of yours?

MR. LEAVY: If there is anything else that you have to offer through Cosgo, we are all ready to accept that in lieu of what we have set up in California.

MR. TOLL: I am not thinking of any substitution.

MR. WOODWARD: What has become of the

Commission on Conflicting Taxation? Does this new setup conflict with it?

MR. TOLL: After setting up the Interstate Commission on Conflicting Taxation, one of the first things that we found we wanted to do was to confer with the federal government. Because that was difficult, it was decided to develop a continuing council in which would meet together representatives of state and local governments. So the Tax Revision Council was brought into being.

We hope that by next year we will have commissions on interstate coöperation in most of the states and that these commissions will name one member to the Interstate Commission on Conflicting Taxation. The eight men on the Tax Revision Council are representative of that group. Then each one of the forty-eight members might be the chairman of a state tax-revision council.

The meeting adjourned.

## SATURDAY AFTERNOON SESSION

May 9, 1936

THE Saturday afternoon session of the Tax Revision Council was called to order about 3:00 P.M., Mr. Mastick presiding.

MR. DYKSTRA: Have you any comment, Mr. Toll, regarding the \$25,000 grant in the Second Deficiency Bill?

MR. TOLL: No, the Appropriations Committee does not know whether there is any appropriation or not. I think that the question of what staff is needed (for the suggested WPA project) should have some consideration from the entire council.

CHAIRMAN MASTICK: The only discussion we have had so far is Mr. McCarren's suggestion that we have a coördinator.

MR. MCCARREN: I think it would take four or five good men to get things in line, and they would have to have secretaries and office space.

CHAIRMAN MASTICK: Of course the point is that we want to find out if we are going to have \$25,000, and have that matched, and if \$50,000 is going to be enough.

MR. MCCARREN: We suggest one coördi-

nator, a tax man, two assistants, and three stenographers.

MR. TOLL: Under the direction of the Executive Committee I presented an application to the Spelman Fund for \$25,000. I think the attitude of the Spelman Fund is sympathetic with the feeling that research of this kind should be undertaken, at least in part, with government funds. Therefore, the outcome is pending the Treasury Department procedure.

MR. DYKSTRA: I move that this council ratify the action of the executive committee in the requests to the Treasury Department and to the Spelman Fund and, second, to jog the memory of the Treasury Department that the application was made.

The motion was seconded and carried.

MR. MCCARREN: Do you suppose this council should decide upon a staff or pass upon a budget to submit to the Secretary of the Treasury?

CHAIRMAN MASTICK: It seems to me that the staff which you suggested, including

the three secretaries, would come to \$26,000 or \$27,000 and that leaves a little less than half for the rest of the expenses. Is that the correct division?

MR. SCHERE: Is the appropriation to be outright to the Tax Revision Council for its use or one which would be used in connection with the Treasury Department?

MR. TOLL: The one which we talked about was very definitely for the purpose of the Tax Revision Council.

MR. BELKNAP: I move that the body here assembled appoint the executive committee a finance committee with power to act.

The motion was seconded and carried unanimously.

At this time Mr. Belknap took the chair.

MR. TOLL: This morning the suggestion was made that there be developed a WPA project for the study of the functions being

exercised by units of government throughout the country, either separately or preferably dovetailed into the project of the Council of State Governments, for the comparative study of the organization of the forty-eight governments.

MR. LEAVY: I move that the council go on record as approving an application to the WPA for a plan as outlined by Mr. Toll, the matter to be left to the executive committee; and that it be empowered in making the application further to refer through the Treasury Department or some other agency, if necessary, so that the sponsor's contribution, if required, be budgeted through regular established funds.

The motion was seconded and carried.

A rising vote on a motion expressing thanks for the stenographic and reportorial service was unanimous; the meeting adjourned.

A SUMMARY  
of the  
PROCEEDINGS  
of the  
TWENTY-EIGHTH  
CONFERENCE OF GOVERNORS

NOVEMBER 16, 17 AND 18, 1936<sup>8</sup>  
ST. LOUIS, MISSOURI

## MONDAY MORNING SESSION

*November 16, 1936*

**T**HE opening session of the twenty-eighth annual Governors' Conference convened at 11:00 P.M. in St. Louis, Governor Paul V. McNutt presiding.

The session was devoted largely to social security. An address, "Coöperative Federal-State Progress Toward Social Security" by Hon. Vincent Miles, member of the social security board, was followed by a general discussion of the subject led by Hon. Styles H. Bridges, governor of New Hampshire. A condensation of Hon. Vincent Miles' address follows.

**HON. VINCENT M. MILES:** The Social Security Act was not, as it has been stated, hurriedly drawn. The committee on economic security spent a year calling in all interested groups of business men and labor, all eleemosynary institution experts of this country and abroad, and made a report on January 1, 1935, to the Congress, for the formation of an act.

I want to thank the governors particularly for the interest they have taken in the question of unemployment compensation. Fifteen states and the District of Columbia now have acts. Probably every member of this audience is familiar with the reason for the almost complete failure to enact unemployment compensation laws before 1935. The chief obstacle in the path of legislation for unemployment compensation was the economic handicap among states.

The Social Security Act has removed this interstate handicap by means of a uniform pay roll tax on employers in every state in the Union.

According to estimates submitted by the states with approved unemployment compensation laws, the number of employees covered in these states is approximately seven million, five hundred thousand.

About forty-five states participate in what we call the "public assistance" feature. It accords to the state a needy assistance fund,

a needy blind fund, and a fund for dependent children.

To further the progress toward enactment of unemployment compensation laws, commissions have been appointed in nine states to study the question and make recommendations to the governor or the legislature.

The only national feature of the act that is handled by the Social Security Board is the old age pension benefits.

We have found, in these recent months, increasing recognition of interstate problems in the field of public assistance. An aged person, for example, may have relatives in adjoining states who are willing and able to offer a home, but unable to furnish him complete support. Under most state laws for old age assistance, the needy person must remain in the state that is giving him assistance. Many states are considering interstate agreements to cover cases of this sort.

Another type of interstate problem occurs when old people who lived in one state for many years move to another state and soon find themselves in need. Under most state laws, they are ineligible for assistance in the state to which they have moved until they have completed five years of residence; and often the state from which they have moved denies them assistance on the ground that they have lost their previous state residence. Since it is likely in most cases that the movement of dependent aged, blind, and children in one state is counterbalanced by a similar movement out of that state, it would seem that the states might well work out agreements among themselves to cover such cases under the public-assistance provisions of the Social Security Act.

Except for the provisions for old age retirement benefits, the responsibility for continuing success in furthering economic security made possible by the Social Security Act rests upon the states.

The meeting adjourned after discussion.

## TUESDAY MORNING SESSION

*November 17, 1936*

**T**HE Tuesday morning session convened in Jefferson City, Missouri, Governor McNutt presiding.

A condensation of an address on "Safety of the Highways" by Hon. Harold G. Hoffman, Governor of New Jersey, follows:

HON. HAROLD G. HOFFMAN: Not long ago we had an election. But while we might congratulate ourselves upon our orderly election—our bloodless election in the United States—on that same day over one hundred people were killed in accidents throughout the United States, to say nothing of thousands of others who were injured.

We have paid too little attention, I think, officially to the conservation of human life upon the highways. I know that in New Jersey our finest highway is perhaps the highway between Newark and Trenton. We spent millions in the building of that highway, and tried to build into it everything that represented safety. We have spent a great deal in the way of maintenance of it, from a safety standpoint, and yet, up until recent years, we had an average of twenty-seven accidents per mile on that highway.

In New Jersey we have gone into the matter of safety education. We are placing it in the schools. We have lectures upon safety. We have tried to get all of the civic organizations to join with us in the promotion of a state safety council.

There are so many things that can be done in those states in the Union today where there is no official organization for the promotion of safety on the highways. We feel that every state should have a driver's license law, and that there should be examinations, as far as possible. Many of the states are now giving attention to official inspection of cars that use the highways. It may be something more than a coincidence, but in the last ten years there has been a reduction of 21 per cent in the number of automobile fatalities in those states which have a driver's license law, while in the states not having a driver's license law there has been an increase of anywhere from 2 per cent to 31 per cent.

We have found that, generally, in any

community where there is a real enforcement campaign, as far as motor vehicle violations go, if a graph is made, just as the curve of convictions goes up, the accident curve goes down.

All of those who have been engaged in safety work generally feel that our hope for progress in the conservation of life depends on what we call the "Three E's," engineering, enforcement, and education.

After an open discussion of safety, an address was given by Mr. Henry W. Toll, executive director of the Council of State Governments, on "Coöperation of State Governments." A condensation follows.

MR. TOLL: As a person whose life work has been principally devoted to the question of coöperation among the states, it might be permissible for me to say that the state government is on the whole a decadent unit of government.

We have seen a constant tendency for functions to pass from the state government into the federal government. The reason is that the states have not shown the capacity for harmonizing their activities among themselves.

About a year and a half ago, there was prepared a bill which was enacted by the New Jersey Legislature, and which became law by Governor Hoffman's signature. It created, for the first time, a state commission on interstate coöperation.

Every thoughtful political student I believe would subscribe to this doctrine, that it is desirable that every function of government should be administered by the most localized unit of government which can adequately perform that function, but of course in the matter of adequacy we also have the question of adequacy in the matter of harmony between units.

So the idea of the development of machinery for coöperation is one that finds a ready welcome almost everywhere. Since that time, essentially similar action has been taken, sometimes by resolution and sometimes by statute, in sixteen other states.

The Council of State Governments, a

little more than a year ago, tried an experiment. It stationed a man in an office in New York, to do what he could to help the commissions of New York, New Jersey, and Pennsylvania in their activities. The result was dynamic. It galvanized those commissions.

Another phenomenon is one that develops a pattern which may be used with regard to any problem in which a group of states is involved. Because the Pennsylvania commission on cooperation desired to organize some activity in the matter of pollution of the Delaware River, one conference after another was held with the states of New York, New Jersey, Pennsylvania, and Delaware. As a result the participants gradually came to realize that there was a problem consisting of a four-state program for the proper utilization of the Delaware River Basin, for the control of polluted water, and for utilization of the region for recreational purposes. There developed the Interstate Commission on the Delaware River Basin, to which each state named one senator, one representative, one administrative official, and one planning official.

We have an Interstate Commission on Conflicting Taxation and an Interstate Commission on Crime. Beyond that we have what is called the "Tax Revision Council," with eight federal members, eight state members, and eight local members.

The Council of State Governments has been financed in part by appropriations from the states, but that has been underwritten by the Spelman Fund, which is a Rockefeller Foundation. At the present time it has a staff of about eighteen which is serving as a research agency and clearing house for the Association of Attorney-Generals, the National Association of Secretaries of State, and the American Legislators' Association. It has given us a great

deal of pleasure to render such services as we have been able in behalf of the Governors' Conference.

I feel a vital concern that the Conference should play its full part in the work of the cooperation between the state governments, because on the proper performance of the work of cooperation hinges, to a considerable extent, the maintenance of the present structure of government.

A general discussion of interstate cooperation followed Mr. Toll's speech, after which the auditor's and treasurer's reports were adopted. The summary of the treasurer's report is included here.

Total Receipts .....	\$10,537.43
Total Expenditures .....	5,752.87
Balance on Hand .....	\$4,784.56
Amount in Hartford Savings Bank & Trust Company checking ac- count, White River Junction, Vermont, as per attached certi- fied statement .....	\$5,784.56
Less outstanding check No. 45, to Council of State Governments.	1,000.00
	<u>\$4,784.56</u>

At this time an election of the secretary and the treasurer, and of members to the executive committee of the Governors' Conference was held. Those elected are: executive committee, Governor George C. Peery, chairman, Virginia; Governor R. L. Cochran, Nebraska; Governor Henry Horner, Illinois; Governor Wilbur L. Cross, Connecticut; Governor Harry W. Nice, Maryland; Treasurer, Former Governor Stanley C. Wilson, Chelsea, Vermont; Secretary, former Governor Cary A. Hardee, Washington, D. C.

The meeting adjourned.

## WEDNESDAY MORNING SESSION

*November 18, 1936*

**T**HE Wednesday morning session met in the Armory in Kansas City, Missouri.

At this session, Hon. Guy B. Park, governor of Missouri, presented a medal on behalf of the people of his state to General Malin Craig.

In the course of presenting the medal Governor Park said, "Since you entered West Point in 1894, we have watched with interest your remarkable, successful, and distinguished military career. We are proud of your achievements. You have re-

ceived, during your long career in the army, many distinguished medals, but none have been conferred upon you with more sincerity, more loyalty, and more respect, than the one I am about to confer upon you now."

Concluding his acceptance of the medal, General Craig remarked, "From the fullness of my heart, Governor Park, let me express to you and, through you, to the people of Missouri my appreciation of this honor and my thanks for the consideration this day shown me by the people of this great state."

The session then adjourned.

During the three-day Governors' Conference, two banquets were held. The first was Monday evening, November 16, 1936, in the Gold Room of the Jefferson Hotel, St. Louis, Missouri. The second was held in the Muehlebach Hotel, Kansas City, Missouri, Wednesday evening, November 18, 1936.

The full proceedings have been published in book form by the Governors' Conference.

## RESOLUTIONS

### I

"WHEREAS, title IX of the Federal Social Security Act, approved August 14, 1935, imposes on and after January 1, 1936, an excise tax upon employers of eight or more individuals, subject to certain exceptions with respect to employment; and,

"WHEREAS, each taxpayer is authorized to credit against the foregoing tax imposed for each taxable year the amount of contributions, with respect to employment during the taxable year, paid by him into an unemployment fund under a state law approved and certified in accordance with the provisions of the said Social Security Act; and,

"WHEREAS, only sixteen states and the District of Columbia have enacted unemployment compensation laws which have been approved in accordance with the provisions of the Social Security Act; and,

"WHEREAS, the other thirty-two states and the territories of Alaska and Hawaii will lose the benefits to be derived from allowable credits for the taxable year 1936, and possibly for the taxable year 1937, unless provision is made whereby such credits are saved to them or amounts equal thereto are segregated and held for such states and territories by appropriate federal legislation: now, therefore,

"BE IT RESOLVED, that the President of the United States be and is hereby requested to ask the Congress of the United States at its next session to enact such legislation as shall be necessary either to save for those states and territories, which have not yet enacted unemployment compensation

laws, maximum credits allowable under the Social Security Act, or to segregate and hold for such states and territories amounts equal to such maximum allowable credits, for such period of time as shall be necessary to furnish such states and territories an opportunity to have adequate unemployment compensation laws enacted by their respective legislatures, at regular sessions thereof, and approved by the Social Security Board.

"BE IT FURTHER RESOLVED, that the Congress of the United States be, and it is hereby, respectfully requested to enact appropriate legislation to carry out the purpose hereinabove set forth."

### II

"WHEREAS, this twenty-eighth annual Governors' Conference has met in the state of Missouri at the invitation of His Excellency, Guy B. Park, governor of the state of Missouri, acting on behalf of the government and people of that state, and the spirit of hospitality characteristic of the people of Missouri has been most generously shown in the entertainment of the visiting governors, their staffs and their families, not only by the state but also by the three cities of St. Louis, the state capital, Jefferson City, and Kansas City, and

"WHEREAS, the visiting governors have profited by the facilities offered them for their conference, and enjoyed exceedingly the manifold entertainment provided for them, especially the opportunity of visiting the state from its eastern boundary to its western boundary, and will carry back with them lasting and pleasant memories; now, therefore,

"BE IT RESOLVED, that the governors in attendance at this, their twenty-eighth

annual conference, do hereby tender their deep appreciation of and heartfelt thanks for the boundless entertainment and generous hospitality which they have enjoyed at the hands of both His Excellency, the governor of Missouri, and Mrs. Park, and of the officials of the three principal cities of Missouri, and their respective civic organizations, and of the people generally of the state of Missouri."

### III

"WHEREAS, the publicity of the meeting and work of this twenty-eighth annual convention of the Governors' Conference has been most adequately handled by the press of Missouri and the National Press Associations, and they have been generous in their

references to the conference and its individual members, and we wish to take this occasion to acknowledge with appreciation the work they have done, and the publicity which has incidentally resulted therefrom, and

"WHEREAS, we are indebted to the Missouri-Pacific Railroad for the prompt, efficient, and very courteous service rendered to our body, and we are likewise indebted to the hotels in each of the three cities where our sessions have been held for uniform courtesy and kindness to us; now, therefore,

"BE IT RESOLVED, that we, the members of the Governors' Conference in convention at Kansas City, do hereby extend our thanks to all of the agencies above mentioned."

CONDENSED MINUTES  
of the  
MEETING  
of the  
INTERSTATE COMMISSION  
on  
COUNCIL DEVELOPMENT

JANUARY 21, 1937  
MAYFLOWER HOTEL  
WASHINGTON, D. C.

## THURSDAY AFTERNOON SESSION

January 21, 1937

THE meeting of the Interstate Commission on Council Development, held in the Pan-American Room of the Mayflower Hotel, Washington, D. C., convened at 2:30 P.M. Hon. Ellwood J. Turrier, member of the house of representatives of the commonwealth of Pennsylvania, presiding.

This session was preceded by a morning session which was not reported.

CHAIRMAN TURNER: As Mr. Ostertag pointed out this morning, we have a regional secretariat in New York City with a representative of the Council of State Governments in that office, and anything we wish done he helps to promote. If New York wants to call a conference, he calls that conference.

I think you have some combination in New York in which the commission and the regional secretary work together, have you not, Harold?

MR. HAROLD OSTERTAG (chairman, New York State Committee on Interstate Cooperation): As the chairman has pointed out, we have a regional office, and I can only speak for New York in so far as the regional office is concerned. Out of our appropriation we are contributing \$2,500 toward the support or maintenance of that office. How that money is used can only be accounted for by the Council of State Governments. In other words, it was our understanding that the \$2,500 from the State of New York would be our proportionate share toward the support and maintenance of that office.

That, too, is again a matter of cooperation between states within a region, and I do not think there will ever be any quarrel so far as New York, New Jersey, and Pennsylvania are concerned in regard to the need for such a regional office, because it is very important to the functions of each individual state.

As we see it, you have men in executive branches of the government, you have men in legislative branches of the government, and you may have laymen or professional men outside, all in one group if it happens

to be a commission. Those men have their own specific jobs and work, and to devote a great deal of time to detail would only cause these problems, or many of them, to go by default. But where a regional office is maintained, that office carries on the detailed functions and duties, helps to develop these conferences, prepares agendas and ideas, and contacts the several states. They have records and statistics; they have their fingers on research and all of those things that are important to regional problems of an interstate nature; so I, as the spokesman for New York, want to compliment the regional office which we have shared jointly with Pennsylvania and New Jersey. I say that the value of it cannot be expressed in words, and I feel that we could not actually function without it.

I believe that this is the right time to give consideration throughout the United States to regional offices as you see fit to develop them. In many of the western states probably several states could band together. Where we have three states you might have six, and, therefore, your financial responsibility would perhaps be very small. I think that is a matter of good judgment, and no doubt some committee or board can decide that.

After all, I want to leave just one thought with you. Behind all this there is a spirit of cooperation. That is the word which we are emphasizing among states.

CHAIRMAN TURNER: Developing further what you said, New York, for instance, wanted to talk about banking legislation. The regional secretary sent out a letter to the surrounding commissions advising them that there would be a meeting in New York on a certain date, at a certain time and place, on banking legislation.

Various individuals gathered together there: The banking commissioner from Pennsylvania; the banking commissioner of New York; I think there were representatives from New Jersey; the American Bankers Association had representatives; and there were other groups which were interested. We met on that date and had a discussion. At that meeting, the group

agreed that certain laws, regulations or acts should be uniform among the states, and that they would eliminate some of the problems.

Let me give you another illustration. In New Jersey there was held a crime conference. That, I think, was nation-wide. From that there developed a plan by which they had a group which was to go on with the study of the problems of crime control.

As a third alternative, we decided in Pennsylvania that we were interested in the Delaware River, and, primarily, in the elimination of pollution of the Delaware River. We called a conference in Philadelphia with New York, New Jersey, Delaware and Pennsylvania represented. There were federal and state officials there. Out of that came a suggestion that we organize a commission, so the plan of the commission was set up within the four states, and we are now going ahead with the work of that commission. We have established an office in Philadelphia. The National Resources Committee supplied us with a water consultant, and we have been collecting information and developing a program for that commission so that there might be a clearer approach to the problem. If your state has some problem which concerns its neighboring states, it could invite the commissions on interstate cooperation from the other states to attend a conference at which you could gather in different groups, and set up a program for the conference. Out of the discussions of that conference would be determined your next step.

SENATOR CHARLES B. DUFFY (Legislature of Oklahoma): I want to point out that on this list of seventeen states which have a commission not one is a neighbor state to us. Kansas does not have one; Missouri evidently does not have one; Texas does not have one; Arkansas does not have one; and New Mexico does not have one. So we have to start out, I suppose, and get each of those states to form a commission. You were discussing how the regional group functions after it is formed. What is your suggestion as to how to get such a regional group formed?

I believe your eastern and northern states realize you are more interdependent. I am afraid that in the south and west we are a little more individualistic. We are begin-

ning to realize that to solve the dust problem and the oil conservation problem we have to work with these other states. We may look upon one another a little jealously to begin with.

CHAIRMAN TURNER: Do you not see that the necessity of your problems will eventually bring you together?

Another unifying influence is that, after a time, we begin to know each other. You are Paul and Joe to me; Mr. Ostertag is Harold. You will find that the barriers you are talking about will begin to break down after a few meetings. There has been a desire to meet on a common ground at these conferences and to try to work out the problems not as individual states but as a group that has a common problem. I think that is one of the great advantages of getting together.

MR. OSTERTAG: I want to add one word to supplement what our friend from Oklahoma said. He indicated that we are old timers at this. So far as New York is concerned, we are not old timers at all. The whole field of uniformity and cooperation is in an exploratory stage, and we are feeling our way. I think that is why it is particularly important at the present time that every state in the Union give serious consideration to feeling our way together.

Many of the states, represented here, who have not yet created an agency to represent them in the Council of State Governments, are at a crossroads as to what particular procedure they should pursue. As I see it, there are two courses. The leaders of the Council of State Governments advocate, from a practical standpoint, commissions created by statute. As I have pointed out, we have no quarrel with that idea as long as we are permitted to participate and be represented under our own setup, which is by a joint legislative committee established by a joint resolution, with administrative members, appointed by the governor, as advisory to our committee.

We feel that we can get larger appropriations; we feel that we can get better results; we feel that we can accomplish the ultimate goal of legislation better under this form than by a statutory commission.

MR. JOHN A. CHAMBLISS (Tennessee): I move that we arrange to have this concurrent resolution mimeographed this after-

noon so it can be distributed here tomorrow morning or tomorrow afternoon.

The motion was seconded, voted upon, and carried.

MR. CHAMBLISS: What kind of path we are going to take is a question of expediency that addresses itself to the particular state. This idea that Mr. Ostertag has in the form of a joint resolution is evidently the best in New York. It certainly is heartening when everybody agrees that we ought to do something about it. That is our trouble in Tennessee. We do not know that we have adenoids, politically.

CHAIRMAN TURNER: This morning we discussed the two different plans, so that everyone could become familiar with both. A third plan may be developed.

I do not believe that the mechanics at the moment are the essential thing. What is essential is that we shall have set up in each state a commission on interstate cooperation or a joint legislative committee or some organization that can be used for interstate cooperation.

SENATOR McDANIEL: If I understand your proposal correctly, North and South Carolina would get together possibly with adjoining states to try to work out some of their common problems.

CHAIRMAN TURNER: Let us put it more broadly than that. Commissions on interstate cooperation are the first objectives of each state. One result may be that, a regional group will be set up. Another result may be that a conference will be called of forty-eight states. It is flexible. One time it may be only two states; at another time it might be five states. The idea of a grouping is only that the majority of your problems come from a certain small group where you touch borders and thereby have problems that are more or less common.

MR. PAUL: It seems to me that the gentleman from Oklahoma and the gentleman from Tennessee would probably like to have some help in organizing a commission in his own state. We in New Jersey had our commission first. Then New York had its committee and next Pennsylvania. Out of the three grew our regional secretariat. It was not done overnight. It was done over the course of one or two years.

There is one point I would like to bring up which I feel is quite important to all of us. That is a uniformity of motor vehicle laws. It is almost suicide to drive a car in other states, because each has its own regulations. We held a conference in New York in which twelve states participated. The engineers and commissioners of highways came over and we developed quite a conference. That, to my mind, is a very pressing problem, because of the number of deaths and accidents from motor vehicles. If the laws were uniform, driving would be as easy in foreign states as at home, and we would have better traffic conditions.

I do feel that the only way to go about getting your own commission organized is to have someone from Chicago, or maybe from the New York secretariat, come out and canvass your state. Then it can be put through.

CHAIRMAN TURNER: Are you men who are here representing states which do not have commissions willing to go back and endeavor to put through the legislation or resolutions to establish a commission?

SENATOR McDANIEL: Yes, sir. I am going back home to ascertain why we do not have one.

SENATOR DUFFY: I do not want to hold out any false hopes for Oklahoma. If I went back and introduced a bill down there to create this commission I would not get to first base with it because our state has had an era of setting up boards and commissions, and now the reaction has swung the other way—abolish and consolidate.

I figure that by using a harmless concurrent resolution I can slip that through. After they see how it works they may be sold on it, and then we might enact it into law.

CHAIRMAN TURNER: If you think that the way to set up a commission is by joint resolution, that is perfectly all right. What I am after is to get some kind of group set up in the state.

SENATOR McDANIEL: How much would it cost?

CHAIRMAN TURNER: That is up to your state.

In Pennsylvania we wrote into the general appropriation an amount for the commission on interstate cooperation, and the governor cut it out. We had no money, but we have

managed to get along and to do some things by devious ways, too.

MR. E. J. CHILGRÉN (member of house of representatives, Minnesota): Our condition is pretty much the same as the condition described by the senator from Oklahoma, and I suppose that is true all over. There seems to be resentment against establishing more boards or commissions, but I think that, by setting up a temporary committee or commission such as he explained, it would not be very hard.

SENATOR SIDNEY W. SWEENEY (Louisiana): I see no objection to branching out into this Council of State Governments. I am well sold on the proposition myself, and anyone who will take just a little bit of time to look into the proposition and the great good that will come from it certainly will have no objection to its being advanced along with our new way of doing things.

MR. W. B. JOHNSTON (member of house of delegates, West Virginia): For several years I have realized the need of something of this kind in West Virginia. I am very much sold on the proposition and have been since I arrived this morning. I sometimes feel that it might be wise to appoint a committee, say of twelve members, one from each Federal Reserve District. I say that for the reason that these Federal Reserve Districts try to represent the different groups of people in industry, business, farming and different lines. If we had a committee of twelve to study this particular phase of government it might be that we would be able to get more workable laws in the states and at the same time have ones that are more uniform.

I feel that we will have very little difficulty in obtaining some setup in West Virginia, and we would like to conform as nearly as possible to the majority of the states.

MR. CHARLES C. MARBURY (member of house of delegates, West Virginia): I feel that in Maryland we are concerned with the same problem of interstate cooperation that all of these other states seem to face. So far as Maryland is concerned I am certain that the governor and both houses of the assembly would look with favor upon establishing a commission or committee, provided it does not cost any money. It may be possible to get some slight appropria-

tion through the governor's budget, but I do not think it is possible to do it through a direct act of the assembly at this time.

MR. ROBERT H. ROUSE (member of house of representatives, North Carolina): North Carolina has cooperated with this movement for some time, and committees of the house and the senate and, I think, of the executive branch have been appointed.

CHAIRMAN TURNER: You asked about the amount of money. I do not think the important thing at the moment is the amount of money that your committee gets. The main thing is to establish a commission or committee in every state. Once we have done that we can start to build up the rest.

If there is no other discussion on that question, I think the next question is how we can get the other states organized. Mr. Paul suggested that we ought to have representatives of the Council of State Governments visit the states. In my opinion it is very important, as it has been in our state, to have a representative visit the senate, the house, and the executive department, and talk to different people. We are all busy during the session, and someone like that who can devote his time to getting a resolution or a bill through is very helpful.

I am sure that if you contact the central office in Chicago it will try to help you in every way. If you contact Mr. Ostertag's commission, or Mr. Paul's, or ours, we can show you what we have been doing in our states that may be helpful to you.

It was suggested that we set up on a Federal Reserve District basis. I think we must have regional secretariats if this is going to function, after we have commissions established in every one of the forty-eight states. Therefore, we will have to group our states into regions. I do not know how many of you are familiar with the work of the National Resources Committee. It is the President's planning board. The National Resources Committee has districted the United States into eleven districts. It seems to me that it would be very natural if the National Resources Committee, which is dealing with problems pertaining to these different regions, would assist us with our problems. Take the questions of flood control, sewage elimination, soil erosion, reforestation, and all of the others that arise pertaining to natural

resources. They are all matters about which the National Resources Committee is concerned. If we can group the different committees on interstate cooperation on a regional development plan similar to the district setup of the National Resources Committee, we would have a comprehensive plan. We would have the National Resources Committee work moving along in the same districts, and we could probably get a great deal of assistance from that group.

Then, as we increased the state membership in each one of these districts, we could set up a regional secretariat.

To give you an example, in District No. 2, which comprises New York, New Jersey, Pennsylvania, and Delaware, we have a regional secretary with offices in New York. The secretary undertakes the work of organizing the conferences and attending to different matters that are of interest to the various commissions. I do not believe that you can have a sound development unless you do have a regional secretary, and I do not believe that we can promote this idea properly without some districting.

If we set up districts, then we ought to have an executive committee of this commission on council development which should be composed of a representative from each district, and a chairman who would be appointed. That would make twelve on the executive committee. Those eleven men in the districts would become the contacts between the Council of State Governments and the regional secretary in the development of the work and the promotion of different projects among the representatives in each of the regions. Is that clear?

I would like to have you express your opinion on that. It is a plan of organization; we must have some plan of council development.

MR. OSTERTAG: What was your thought or intention in creating an executive committee with one representative from each district? What would be the power of that executive committee?

CHAIRMAN TURNER: It would have no power. It would be purely a group to promote the organization of committees or commissions in the states that do not have them and, in the second place, to provide a contact man who might be of help and assist-

ance to the secretary and the Council of State Governments. It would have no directory power.

MR. OSTERTAG: As I recall it, the commission on council development was recently created.

CHAIRMAN TURNER: That is what this is supposed to be.

MR. OSTERTAG: It is to be comprised of three members from each state: one a member from the house, one from the senate, and one administrative member. Does this executive board representing the districts supersede or destroy that council?

CHAIRMAN TURNER: No. It would be an executive committee of that commission.

MR. OSTERTAG: How would it be created?

CHAIRMAN TURNER: My own suggestion at the time is that it would have to be created by appointment, because you would have districts where you have no state commissions. You will have to go in and find the man to do it. I think the appointments ought to be made by the Council of State Governments.

MR. HAMILTON: In districts where either one or more states have commissions, would it not be a good plan for them to appoint their own members to the executive board?

There is one other question. If you have eleven districts, do you not need an additional person as chairman? It is inevitable that the chairman will come from one of the eleven districts. You might just as well have an executive committee of eleven which will appoint its own chairman.

CHAIRMAN TURNER: I suggested a twelfth person for chairman, although I am not hide-bound by my own idea, because of an experience I had a number of years ago in another organization. There I saw the value of having someone who is specifically charged with the responsibility of contacting other men for the purpose of getting something accomplished.

MR. HAMILTON: That will be your field secretary.

CHAIRMAN TURNER: The field secretary is, after all, a paid employee. He comes over to Pennsylvania, and he wants to see someone. While he can generally get to see him, he may have some difficulty in getting some things worked out. If he has a representative of some kind, some official who can make his contacts for him, his work is facilitated

a great deal. I do not know whether it ought to be one of the eleven or an additional one. I am offering this merely for discussion.

MR. HAMILTON: For the benefit of any of the gentlemen who come from states where there is not a regional headquarters, I would like to say that our experience in New York with the regional headquarters certainly justifies the idea. It has done more, in my opinion, to make us conscious of the interstate phase of our work than anything else.

CHAIRMAN TURNER: I think that is absolutely true. We have found that true in our Delaware River Commission. Mr. Robinson of the Council of State Governments, was lent to us as secretary for the Delaware River Basin Commission. We are all busy men. We turn jobs over to Mr. Robinson and he goes out and does them. He does the leg work, the interviewing, and the corresponding. If we did not have him the work would not be done, because we would not get around to it.

MR. PAUL: Mr. Turner, may I say that in New Jersey we have had some trouble and difficulty in our alcoholic beverage control commission. We have the same setup as in New York. The commission had some difficulty in New York and other states on labeling, uniform prices, and license fees, so it asked us to arrange a conference. By "us" I mean the commission. We, in turn, approached Mr. Gallagher, who contacted the other states and arranged the whole conference.

MR. HAMILTON: It should be pointed out that those conferences are not limited to one district only. The second district does not include Massachusetts and Connecticut, yet they are neighboring states in this regional liquor problem. There were eight states represented there, and it was a very constructive meeting.

MR. PAUL: I might add further that after that conference was over the commissions had a meeting at which a committee consisting of one member from each state was appointed to draft legislation in accordance with the results of the meeting.

The great advantage of the commission is its assistance in getting a bill passed. For instance, last year in Trenton we put through five of our uniform crime bills. Backed by the committee on interstate cooperation, consisting of five members of the

house and five members of the senate who knew all about them, and who were able to speak in favor of them, they went right through.

MR. OSTERTAG: In regard to the matter of conferences, the fact that two or three or possibly six states may be in one region with a regional office does not necessarily mean that all activities are confined within that region. We have had conferences with as high as twenty-one states, although one or two states, or possibly three, joined together to promote that one. These regions are not drawing a line in so far as participation is concerned. I think the number of states which participates in a conference depends upon the problem itself.

CHAIRMAN TURNER: I think that is a very good point to make. There is no hard and fast line, but for the purpose of administration and the purpose of promotion there are these districts.

Is there any other discussion on this question of a regional setup and our endeavor to get a representative in each district so that we may have some contact man in the promotion of these commissions in the different states?

MR. PAUL: Would that man be a member of the commission, a man appointed by the governor, or a man appointed by the council at large?

CHAIRMAN TURNER: Unfortunately I have not thought that out, but I would say that so far as possible he should be a member of a commission or committee, where one is established, and, so far as possible, he ought to be a member of a group similar to this, which has met together and knows what is going on.

May I suggest that we have a motion that a committee of five be appointed to draw up a plan of how we are going to set up the districts and select a representative.

MR. LOUIS N. LADERMAN (member of house of representatives, Ohio): I make that motion.

SENATOR SWEENEY: I second the motion.

MR. LADERMAN: The motion is that a committee of five be appointed.

The motion was voted upon and carried.

CHAIRMAN TURNER: There is one other matter which I would like to have discussed this afternoon. It pertains to the very im-

portant question of finances for the operation of the Council of State Governments. In case you have not all received the following statement, I will read it: "On the basis of budgeted estimates made during 1935 and 1936 the council was financed on an annual basis of approximately \$105,000. This figure is exclusive of any cost for district secretariats. On the basis of the present development of the council, the establishment of state commissions on coöperation, the development of regional and nation-wide commissions on various subjects, and the increased service for various organizations of governmental officials, the council's work cannot be performed with any degree of adequacy on a budget of less than \$150,000. This would be an average of \$3,000 per state if every state contributed its quota.

A suggested allocation of this amount should be prepared, based upon consideration of the wealth, governmental income, governmental expenditures, and other factors applicable to the various states, and in a general way it may be said that the average state would, under this system, contribute the following amounts to the support of the Council for various activities:

Legislators' secretariat . . . . .	15%
Governors' secretariat . . . . .	5%
Attorney-General's secretariat . . . . .	12½%
Secretaries of State . . . . .	12½%
Inco Tax . . . . .	10%
Inco Crime . . . . .	10%
Inco Sec . . . . .	5%
Incosgo . . . . .	10%
State Government (monthly) . . . . .	10%
Book of the States . . . . .	10%
	100%

That gives you a suggested picture of what the budget should be and how it should be allocated. It seems to me that if we are going to function as a Commission on Council Development, one of the most important requisites, of course, is financial assistance to support the Council of State Governments.

As Mr. Ostertag said this morning, a number of the states have been contributing money to the Council of State Governments. There ought to be a definite plan of financing and a definite understanding that if we intend to do anything with this movement, and if the Council of State Governments is to be the organization which will function

for us, then we will have to support it with financial aid.

My suggestion on that, if it meets with your approval, is that we appoint another committee of five to consider this question, and make some further recommendations at the conference on Saturday morning.

MR. HAMILTON: I make that motion.

SENATOR SWEENEY: I second the motion.

The motion was voted upon and carried.

CHAIRMAN TURNER: We have some suggestions for resolutions which this conference might care to consider, and I think it might be well, if it meets with your approval, to refer these resolutions to the same committee which is considering the question of finances.

MR. HAMILTON: I move that the resolutions be referred to that committee.

MR. OSTERTAG: I second the motion.

The motion was voted upon and carried.

CHAIRMAN TURNER: The agenda which I have has been covered in this conference. You are at perfect liberty to proceed with any other discussion which you think is in line with what we are doing here.

MR. HAMILTON: I would like to point out that, where we have committees or commissions, it would help considerably if the contacts, as you might call them, of the Chicago office were more with committees or commissions than with individuals. We became a little confused in New York, owing to the number of letters received from different sources by individuals. As a matter of fact, Mr. Ostertag, chairman of the New York committee, was just in time to prevent one member, in the best of faith, from putting in a resolution without realizing what the committee had already done. If you are going to encourage this idea of the committees and commissions for interstate coöperations, I think the example of coöperation should be set right at the top, and communications and suggestions and things of that kind from the head office go to the duly appointed officers of commissions and committees wherever they exist.

CHAIRMAN TURNER: I think that is very good, Mr. Hamilton.

If there is no further discussion we will adjourn, to be called back by the chair.

The meeting adjourned at four o'clock.

CONDENSED MINUTES  
of the  
MEETING  
of the  
INTERSTATE COMMISSION  
on  
CONFLICTING TAXATION

JANUARY 21, 1937  
MAYFLOWER HOTEL  
WASHINGTON, D. C.

## THURSDAY AFTERNOON SESSION

January 21, 1937

A MEETING of the Interstate Commission on Conflicting Taxation was held at the Third General Assembly in Washington, D. C. The morning session was not reported. The afternoon session convened at 2:20 P.M., Chairman Mastick presiding.

HON. MARK GRAVES: Before lunch we were talking about the crediting device, under which the federal government would levy a tax as it does an estate tax; each of the states would enact a similar tax law; and the federal government would credit, up to some percentage of its tax, the amount paid to the states. Some of us believe that a crediting device should be carried into other fields of taxation, such as personal income taxation. In regard to corporation taxes, the federal government has a corporate income tax just as it has a personal income tax; it is based entirely on net income, and in 1936 it incorporated the graduated tax theory. Many of the states have corporate taxes of one kind or another. In Massachusetts there is a tax on the income of the corporation; in addition, there is a corporate excess tax. I believe Connecticut has that too. In New York we have a franchise tax on business corporations, measured by net income, which makes it virtually an income tax except that if the corporation has no income we put a tax on it anyway.

It would be very important to apply the crediting device to the corporation tax field. The difficulties which would arise immediately are, first, the philosophies upon which these state corporation taxes are laid differ quite widely. We found a group of states which would probably have to amend the constitution, just because of having the uniformity provision, before a progressive income tax or an income tax on corporations at progressive rates could be levied. We have a group of states which maintains that certain kinds of corporations are exempt from tax. Probably the greatest administrative difficulty would be that much corporate business is done on a national scale. You will find one corporation doing business in all forty-eight states; another corporation doing business in forty-seven states, and so

on. As to the crediting device, the corporation which is doing business in forty-eight states would first file a federal return and then, presumably, would have to file forty-eight state returns. How would you allocate this income by the states where it was earned as distinguished from the state where it has its home office?

I do not mean to say that the problem is insurmountable; in fact, I think it could be worked out. I am inclined to think that the crediting device can be applied to corporations, although not so easily as it could be applied to personal income.

DR. PAUL STUDENSKI (New York): Do you think the formula used in Massachusetts or New York might be applied here?

MR. GRAVES: The Massachusetts formula is, in my opinion, a better formula than we have in New York, and I think probably it could be used successfully. Of course, there would always be an unfavorable situation, such as the one in North Dakota. In that state one of our great national corporations does business in the sense that some of its income comes from sales there, but it does not maintain a business establishment in the state. Therefore, the corporation is not taxable in North Dakota under any legal definition of what constitutes doing business.

SENATOR EMERSON CAMPBELL (Ohio): How about interstate commerce?

MR. GRAVES: I do not see, in the interstate commerce provisions, any particular obstacle to be overcome. The corporation's tax is going to be just so much in the aggregate anyway in the United States; the federal tax is a tax against which a credit is going to be allowed. The states will presumably enact laws which will take up only the credit. There will be some advantages in it. They will not, in trying to apportion their income, try to minimize the amount earned in Massachusetts because, so far as the corporation is concerned, it does not make a bit of difference to it whether it pays taxes to Massachusetts, New York, Ohio, or to the federal government.

MR. CAMPBELL: The credit would have to be uniform, would it not?

MR. GRAVES: The credit would be uni-

form for each state as in the federal estate tax, but it will not necessarily imply that the rates themselves would have to be uniform in the various states.

The gentleman from Ohio this morning mentioned the competition between the states, and I pointed out how, in the estate tax field, we eliminated that competition in 1926 very largely. One of the by-products of a credit device, as applied to corporate taxation, would be the elimination of that competition among states. As it is, the competition is more severe between some states than it is between, say, Ohio and North Dakota. But nevertheless, they are competing, and most of the big corporations are located now, and it would be an expensive operation to move the plants elsewhere. Of course, I am aware that there are corporations which have no plants, but I am speaking now of the big corporations which have their refinery side and, even though some other states offer inducements by way of lower taxes, they have to figure out whether they can save more in taxes than it will cost to abandon their plants and move elsewhere.

MR. GEORGE McCaffrey (New York): A lot of us in the business world have neuritis in an aggravated form from trying to comply with the varying requirements of the different tax laws. I thought if the administrators and legislators could make the tax requirements more uniform, they would do something to reduce the enormous burden put on business by requiring the filling in of forms which costs just as much hard money as is actually paid in taxes.

HON. HENRY F. LONG (Massachusetts): I think Mr. McCaffrey has in mind uniform report forms. They can be instanced in two cases. Massachusetts adopts a copy of the federal corporation tax return. The second illustration is the form adopted by thirteen of the states along the eastern seaboard in the uniform reporting of gasoline consumption. A provision was made that the number of individual items any one of the states was compelled to employ be put on the blank form of every state, and those that a given state did not wish would be eliminated by simply indicating that they were not applicable in that state.

Of course the difficulty with uniform tax reporting, which is not experienced in the

gasoline tax field, is that there are different dates upon which returns are to be made, depending on the varying fiscal years.

Another difficulty which a corporation, engaged in many states of the union, may be compelled to face is a multiplicity of local taxing dates and tax requirements. I would suggest, however, that we first undertake to cure the state situation in regard to corporate returns. There now exist too many different requirements in the several states.

Massachusetts requires a form to be filed by every corporation which we call a certificate of condition. This certificate sets forth the officers' names, the date of incorporation, a balance sheet and other information which becomes permanently a matter of public record. There is the requirement of a \$10.00 fee to be furnished annually with the certificate of condition. This is not a tax, but it nevertheless represents a burden on the corporations and to the extent that they are annually required to make out the certificate of condition, I suppose it can be thought of as something which might very well be delegated to the tax department of a corporation.

Probably one of the other difficult things in regard to tax returns is the requirement that supporting schedules be filed to substantiate a deduction made where the state has a tax on income of corporations. I am going to suggest that when the corporations adopt uniform accounting methods, the states can very readily establish a uniform method of reporting.

DR. STUDENSKI: Referring to your statement about a uniform fiscal year, the trend of thought seems to me to be in the direction of a fiscal year with June 30 as being more convenient for budgetary purposes.

MR. LONG: I am inclined to believe that the calendar year is good for three main reasons, and they are all local to Massachusetts. First, January 1 we have the taxing day of property locally situated, and our fiscal year for all of our cities and towns runs with the calendar year, so that there is complete comparison between cost, revenue, and other items of our cities and towns. Second, because we relate the property used by an individual or corporation in the local tax return to the corporation return itself or the individual return, the January 1 value is of extreme help to us. Third, is

the fact that business generally now thinks in terms of closing with the end of the calendar year. Massachusetts as a state has its fiscal year end on November 30, because a new legislature and a new administration comes in on the first day of January.

One of the advantages of our Massachusetts practice is the impossibility of having an unbalanced budget. We interlock the whole system. The state has a budget; the county has no authority to assess other than its own cities and towns, and that by virtue of an annually enacted legislative bill. The cities and towns are obligated to raise enough to make up the state deficiency, the county requirements, and the balance which is representative of the total amount which they are to expend that year. So at the end of the year whether we have had a large or small tax bill we are without a deficit.

SENATOR ARTHUR J. PIERSON (New Jersey): In connection with the balanced budget, suppose you anticipated it, would you not suffer a deficit?

MR. LONG: No. Assuming that we were a mill or two short, which, incidentally, we never have been, there would be a shortage at the end of the year which would have to be included in the next year's budget.

The cities and towns must make up the deficiency to the state every year as a "state tax," as well as the amount the counties can spend as permitted by the legislature. The tax rates in the cities and towns include these charges as well as the appropriations and other legal requirements after deducting the amount anticipated locally as receipts, leaving a balance which is laid as a direct tax on property. Perhaps, through delay in paying taxes, not enough cash actually comes in during the year to balance the budget. Borrowing in anticipation of collecting those taxes during the next year may satisfy the cash requirement. In the event of a deficit, state, county, or municipal, at the end of the year, the first requirement of the tax rate is a levy for that deficiency. Any surplus at the end of 1936 may be employed to reduce the direct tax in 1937. So while there is a possibility of overlapping, or a slight deficit, we have never had one.

MR. CAMPBELL: If the statute fixed the rate?

MR. LONG: I think it is bad governmental practice to fix the rate by statute, because, first, it is apt to make the legislators feel that, since there is a definite amount which can be spent, they might as well spend the whole amount whether or not it is necessary; and, second, they are very likely to spend it for something which is unnecessary and borrow for the essentials.

MR. CAMPBELL: But the taxpayer is interested in bringing the amount down.

MR. LONG: In Springfield, Ohio, on November 3, you had a referendum on increasing the amount for your local operation and, as I remember it, the people of Springfield refused to vote the increase. When Springfield was unable to operate, the people changed the vote to approve the increase. That is the sort of situation which we try to avoid.

MR. CAMPBELL: It has this effect. The state carried out its obligations to the city of Springfield for schools. In addition, the local government there has a school levy to make. Now if the local government failed to make a sufficient levy within the limitation, there would probably be a deficit in the school unless expenses were cut down.

Now there has been a tendency all over Ohio to vote down bond issues and special levies. I think the sentiment of the people in the central states is very much opposed to any increase in taxes or any increase in bond issues, and is coming nearer to some limitation.

MR. LONG: I am very much against limitation, and I gather that you are in favor of it. I would like to ask you if there is any tendency on the part of the citizens of Ohio to eliminate governmental activities.

MR. CAMPBELL: I do not think they want to cut them out. There is a strong sentiment against cutting down the expense of schools and of cutting down the expense of road building. Economy is wanted in those departments.

Minutes were not taken on the remainder of the session.

A SUMMARY  
of the  
PROCEEDINGS  
of the  
THIRD GENERAL ASSEMBLY  
COUNCIL OF STATE  
GOVERNMENTS

JANUARY 21, 22 AND 23, 1937

MAYFLOWER HOTEL

WASHINGTON, D. C.

THE WHITE HOUSE  
WASHINGTON

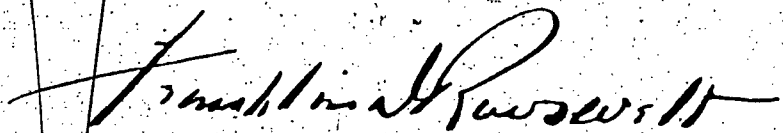
January 13, 1937

My dear Governor:

Any movement which has for its objective a greater cooperation between the various governments within the United States deserves to be encouraged. The need in government everywhere, whether federal, state, or local, is efficiency. Only through good management -- a practical demonstration that democracy is the most efficient form of government -- can we hope to perpetuate the institutions to which we owe all of our greatness.

When you greet the Council of State Governments at the dinner on the evening of January twenty-second, please extend to all present my hearty felicitations and warmest good wishes. I trust that as a result of the Council's deliberations in Washington the aims and objects of good government everywhere may be encouraged and advanced.

Very sincerely yours,



Honorable Paul V. McNutt,  
President,  
The Council of State Governments,  
Indianapolis, Indiana.

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H. A. Hockley, Department of Agriculture

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Third General Assembly

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## THURSDAY EVENING SESSION

*January 21, 1937*

**A**N INFORMAL dinner, preceding the opening of the Third General Assembly of the Council of State Governments in the Mayflower Hotel, Washington, D. C., was held on Thursday evening, January 21, 1937, Hon. Paul V. McNutt, former governor of Indiana and president of the Council of State Governments, presiding.

**PRESIDENT McNUTT:** In presenting our distinguished speaker this evening I appropriate one of his own gag lines—"An ignorant man who is a philosopher." He is a professor of philosophy at the University of Chicago, a leader in the Senate of the State of Illinois, and one who has contributed much to the Council of State Governments. The voice you hear is the voice of Alexander Woollcott but the mind is the mind of T. V. Smith.

**HON. T. V. SMITH:** Men try wishfully to conjure better government into existence, or to daydream it, or even to command it into existence, when governmental improvement is the most intricate, the most arduous, and the most imperative of all human endeavors. Under the symbolism of our executive head, we Americans have all of late journeyed to Buenos Aires to further solidarity of the nations of the Americas; and we have come home to find the forty-eight states of this America actually more lacking in the machinery of coöperation than are the nations we met there.

We are magnificently united in our vaguest sentiments, but in our concrete coöperation we are not well implemented. We come here as governors, or as attorneys, generals, or as legislators, or as other state officials, to continue the process of building a more perfect union between these sovereign bodies known as states. We come in no fretful mood against our federal machinery of coöperation. We recognize the creation of this machinery as the great achievement of the Fathers. But we know that we as fathers of the future will have failed our sons if, as sons of those same Fathers, we rest idly on their oars. The call of our day is for a union

of the states more perfect than the formal Union we have inherited. That Union must and shall be achieved through the further enhancement of federal power, or through the extension of voluntary coöperation between the states. We meet to further this voluntary coöperation across state lines. Efficiency of centralized power must itself depend upon this spirit in the states for any full measure of success. If we succeed in some formal federal extension, we shall not have succeeded much; if we fail in creating this spirit of commonalty between the states, we shall have failed altogether. With the maturation of state coöperation, however, the federal government may be spared many a pain of proud flesh corpulence. The balance of power may swing from time to time between nation and states. That swing we may abide cheerfully, however it goes, if only we can give it the coöperative setting furnished by the council of state governments. To furnish the form of federalism, then, with the spirit of state coöperation is our fate and fortune. As "Royalty" said to "Romance": "This is the way we can 'abdicate' and eat it too."

It is a previous, as well as a powerful, cause in which we labor. The several states are objects of sentiments, each to all of its devoted citizens. This sentiment we would preserve and functionally extend in the embrace of state with state.

This is a high creative task, arduous but delightful. Our success will depend upon no formula, but upon a faith that something better yet may come to be through us. Henry Toll with intrepid imagination has already completed the groundwork, and now in a spirit still magnanimous and undaunted calls us together again, not to commemorate the old, but to consummate the new and the necessary. Let me play upon this creative keynote by emphasizing two heroic embodiments of the spiritual characteristics required to consummate the job before us—audacity of mind and mellowness of spirit. It has been my good fortune to divide my adult life about equally between Texas and Illinois. The intrepidity of Sam Houston, of Texas, and the magna-

nimity of Abraham Lincoln, of Illinois—these high embodied virtues let me sing tonight in hope of helping us find for them, through our deliberations, a single corporate body.

#### SAM HOUSTON AND THE TEXAS SPIRIT

Samuel Houston was in truth the Sampson of the Southwest. Born in Virginia, reared in Tennessee, escaping in adolescence from civilization to the semi-savagery of Oo-loo-te-ka, a chieftain of the Cherokees, this pioneering Paul Bunyan combined in a single frame the virtues of many states, a strange and potent mixture of earth and air, of fire and water. Adopted by the Indian chief and christened "The Raven," Houston brooded over troubled waters and troubled the still waters of three continents for half a century.

Twice a member of Congress from Tennessee, and then its popular governor, in the hour of his eminence he renounced all that he had been, and all that he might be, to return to the Cherokees in the silence of Southern chivalry for the sake of a woman's name. In the somber stillness of his retreat rolled distantly the thunders of mighty events coming on. Taking up with honor dreams lost by Aaron Burr in dishonor, Houston wrested the empire of Texas from alien cruelty and native greed and blazoned, for all ages, the moral meaning of human intrepidity: "*Not greatly to care and dare is never greatly to achieve.*"

Commander-in-chief of the almost mythical forces, by land and sea, of the swaddling Republic of Texas, he developed out of thin air the morale of war and later the healing balm of peace. First president of that singular star in the galaxy of nations, he worked incessantly to trade imperial sovereignty for the humbler partnership in a nation of states. Thrice governor of the Lone Star State, later its United States senator for thirteen years, Houston with surpassing clairvoyance withstood the pressure of forces toward disunion and accepted personal disgrace rather than be a party to national dismemberment. Barely avoiding the presidential nomination against Lincoln as a Union Democrat, Houston sympathized in private retirement with Lincoln's endeavor to save the Union.

Uniting the best of the subtle sagacity

of the aborigines and the worldly wisdom of the Anglo-Saxons, Sam Houston it is whom I offer you from my native state as the embodiment of the noble spirit necessary to our present cause—the spirit of intrepidity working its wonders in creating opportunity for coöperation.

The courage of pioneering matures into the moral magnanimity of spiritual statesmanship. I give you now, from my adopted state, Illinois, a personality to illustrate this spirit, as Houston's illustrated that—Abraham Lincoln.

#### LINCOLN AND THE SPIRIT OF MAGNANIMITY

No American made great by death offers more meaning to magnanimity than does the memory of Abraham Lincoln. While living, he was said to be foolish in losing his youthful heart to a grave, and living his life on married patience; foolish in pitting his homely ignorance against the brilliant, courtly, urbane Douglas; foolish in setting himself to do right in a world where the day goes mostly to the strong; foolish in dreaming of freedom for a long-suffering people whom the North was as anxious to keep out as the South was to keep down; foolish in choosing the silent Grant to lead to victory the hesitant armies of the North; foolish, finally, in presuming that government for the people must be government of the people and by the people.

This Lincoln whom many millions misunderstood hid his bitterness in laughter; fed his sympathy on solitude; and met recurring disaster with whimsicality to muffle the murmur of a bleeding heart. In the tragic sea of life he pitied where others blamed; bowed his own shoulders with the woes of the weak; endured humanly his little day of chance power; and won, through death, what life seldom showers upon such kindly souls—peace and everlasting glory.

How prudently we proud men compete for nameless graves while now and then such simple magnanimity as Lincoln's creates of its subtle clairvoyance the very essentials of human solidarity.

#### STATES' RIGHTS AND STATESMANSHIP

We have spoken of this assembly as the Buenos Aires Conference of the States. It will prove such, and more, if the persever-

ance which has brought us this far in state coöperation can now be made to mature as moral magnanimity. For this mission we have our mentors. Houston and Lincoln, like all statesmen in America, came from states; but their highest hopes embraced the *duties* of states to develop coöperatively rather than to grow separately. They stood for the human right to lose the provincial

spirit in the larger life of effective generosity on a national scale. It was thus that these typical heroes added, and showed us how to add, to friendship, fellowship, and comradeship the very flagship of this majestic fleet—*statesmanship*, the noblest ship in which to sail the sea of life.

The meeting adjourned at 9:00 P.M.

## FRIDAY MORNING SESSION

January 22, 1937

THE Third General Assembly of the Council of State Governments convened at 9:30 A.M. at the Mayflower Hotel, Washington, D. C., President Paul V. McNutt presiding.

President McNutt began the session by introducing the Hon. John Nance Garner, vice-president of the United States, who greeted the assembly.

PRESIDENT McNUTT: A distinguished leader in the field of the administration of justice is our guest today, and I present with pleasure the attorney-general of the United States, the Hon. Homer S. Cummings.

HON. HOMER S. CUMMINGS: We are concerned with many matters, including the problem of coöperation in crime control. The word "coöperation" is frequently on our lips, but we sometimes forget the reason that this is so.

In 1934 when the federal government decided that the time had come, in view of the menacing crime condition, to assume responsibilities theretofore not acknowledged, we kept in mind existing constitutional limitations, the complex structure of our government, and the practical difficulties of, what I might term, our continental, geographical situation. The federal government sought to deal with crime in its interstate aspects; to develop in the department of justice a technic, a structure, predicated upon coöperation with state and local agencies.

Let me cite a single example. On January 29, 1935, the department of justice inaugurated the first police training school.

There was provided a new means of coöperation. At the time the school was opened the department of justice expected not only to teach but also to learn. At the first session of the school there were in attendance about twenty-three representatives of state police departments. For a period of twelve weeks these police officers were given a course of instruction covering the broad field of law enforcement, scientific and technical in nature; matters of finger-print identification, crime statistics, firearm training, enforcement and regulatory procedure; and police administration and organization. All the technics, in other words, developed in the federal bureau of investigation were placed at their disposal.

A little more than a week ago the fourth session of that school was held and there were thirty-four officers in attendance. Altogether, the four schools that we have concluded have sent out eighty-one such officers who have gone back to their various communities and are there repeating the teaching that they have thus learned. This is an illustration of the effectiveness of a form of friendly and efficient coöperation.

But coöperation between the federal government and the forty-eight states is but a part of this process in which we are all interested; in fact, it is the simpler part. What is of equal importance and what is more difficult to achieve is coöperation among the forty-eight states and within each state between the state government and local jurisdictions. Progress is being made in that direction. The National Conference of Commissioners on Uniform State

Laws is engaged in preparing and sponsoring reciprocal legislation having to do with the administration of criminal justice. The American Law Institute, with its Code of Criminal Procedure recommended for adoption in 1930, has made an important contribution, and its offer to prepare another code is one that should have our enthusiastic support.

Following the enactment in 1934 of congressional consent to compacts among the states for the purpose of controlling crime, ~~there~~ was established an interstate commission on crime, which contains in its membership an official representative of each state and a representative of the department of justice.

Here again a large number of measures have been recommended to tighten up and facilitate the administration of justice in the criminal field. Not the least evidence of how the leaven of progress is working are the numerous state and regional conferences that will be held in all parts of the United States, some of them organized on a permanent basis, all of them straining toward a series of objectives designed to bring about the kind of law enforcement essential to the welfare of our people. A more effective and wider exchange of criminal information, interstate supervision of parolees and probationers, the simplification of extradition, the facilitation of close or hot pursuit of criminals from one state to another—these are some of the projects engaging the attention of those responsible for leadership in this inspiring enterprise.

We all realize that we are in for a long-time campaign. It must depend for its results upon the use of materials and procedures that are at hand and upon which we must build with all the intelligence and devotion that we are able to command.

Public opinion is alive to what we are doing. It awaits results. It is beginning to realize that there is no magic formula for the solution of the problem of crime. It expects each of us in his own field and in coöperative contact with others to contribute to our common purpose.

HON. ROBERT E. QUINN, President for the remainder of the session on crime control: I have the happy privilege to present Judge Richard Hartshorne of New Jer-

sey, who will report for the Interstate Commission on Crime.

JUDGE HARTSHORNE: The Interstate Commission on Crime of the Council of State Governments is happy to advise you now of its progress in obtaining coöperation among the states and with the federal government in the control of crime.

The Interstate Commission on Crime stands as a presently existing and actively functioning body, where the states and the federal government not only can counsel together but *are* counseling together to guard the public against crime in the future. This safeguarding is particularly important in the twilight zone which exists between the authority of the federal government, on the one hand, and the respective authorities of the states over their internal affairs on the other. This zone most clearly appears, as headlined almost daily by our newspapers, where a single gang commits a crime in one state and then escapes to another state to commit further crimes there. These crimes, if disconnected, are not subject to federal control, each being subject to the sole control of the state where committed. But both states are equally interested in capturing the criminal.

The question is how both states can coöperate to that end through this twilight zone, not that this twilight zone has not been provided for in the Constitution. It has. And by passing the Ashurst-Sumners Act in 1934 Congress recognized the desirability of coöperation by the states to control crime. But the present is the first occasion on which there has been a general assembly of the various states of the Union to consider a definite program to control crime, in this virgin field of interstate coöperation, midway between the federal powers and those reserved to the states.

I have now the honor to present this definite program as worked out by the Interstate Commission on Crime. To make this program and its necessity clear I want to tell you a story.

Last Armistice Day a New Jersey state trooper, who had stopped a speeding motorist, found himself covered with a gun, kidnapped, taken across the state line into Pennsylvania, and later released near Bethlehem. The car in which he was ab-

ducted bore Michigan license plates, and his kidnapers have recently been identified as convicts who escaped from an Ohio penitentiary. In addition, it is believed that these kidnapers were the ones who, the day before the kidnapping, held up a jewelry store in Philadelphia and escaped with \$60,000 worth of gems. Last month, the papers headlined the capture of two of these three bandits, one of them a woman, from behind a steel door in a New York City apartment after a tear gas and machine gun fight. This one crime thus directly involves the five states of Pennsylvania, New Jersey, Michigan, Ohio and New York, and the federal government in addition. Small wonder that the police of each of these five states, as well as the federal G-men, are cooperating toward the same end.

It becomes evident that our most desperate and shrewdest criminals have taken a leaf from the book of our successful business men and become commuters. They have, similarly, sought success by spreading their business throughout the states for two reasons: First, to take advantage of the spots where the pickings are best; second, to take advantage of the present loopholes in our law, which permit our invisible state boundaries, which in no wise hamper the holdup man, to trip up and impede those who protect the public.

The advantage which our commuting criminals take of our state boundaries does not call for the wiping out of such state boundaries, but for the wiping out of the tangled undergrowth of laws which has grown up about those boundaries.

#### THE INTERSTATE COMMISSION ON CRIME GOES TO WORK

It was for the purpose of wiping out this tangled, old-fashioned, legal undergrowth, to enable all the states of the Union to emerge from their separate cells and to merge with the federal government in a great cooperative endeavor to curb crime that New Jersey held the first Interstate Crime Conference at Trenton on Columbus Day, 1935, where the Interstate Commission on Crime was created. The first thing this commission did was to direct its attention to the clearing up of this tangled

undergrowth of interstate criminal laws. It has succeeded in drafting four model bills to close up these loopholes and clear out the underbrush which today prevents your state from obtaining proper cooperation from the other states of the Union. This will be accomplished, first, in controlling the criminals who come from such other states into your state to commit crimes or to hide away; second, in controlling criminals from your state who escape to other states or go to other states from your state to commit crimes in such jurisdictions.

This cooperation, to be effective, must occur along four major lines: First, in apprehension; second, in extradition; third, in prosecution; and fourth, in punishment. To this end, the commission has drafted model acts on the subjects of: (1) The fresh pursuit of criminals across state lines; (2) the simpler and more effective extradition of criminals; (3) the removal of witnesses from one state to another to testify in criminal proceedings; and (4) the supervision by one state of parolees from another state.

#### STATE LINES TRIP UP PURSUING POLICE

Perhaps the purpose of all these acts and their importance to all the citizens of the United States can be more clearly seen if we apply them to the recent kidnapping case of which I spoke previously. Let us suppose that in that case the Philadelphia holdup was committed with the aid of an Ohio henchman, who purchased the necessary guns and car in Ohio, and that these bandits, after releasing their kidnapped New Jersey state trooper in Pennsylvania, were pursued to the Maryland line by the Pennsylvania state police. In such chase, the minute the Pennsylvania state troopers set foot in Maryland their definite authority as troopers was gone, and they became substantially private citizens with all the latter's lesser protection and authority in making arrests. Under this handicap, the police would be more than likely to have their quarry escape.

But had these bandits crossed into Virginia, instead of into Maryland, the case would be far different. For, last year, at

the instance of our commission, Virginia adopted the fresh-pursuit statute. This statute, drawn with the aid of several superintendents of state police, clothes these Pennsylvania state troopers with exactly the same power to arrest in Virginia during this fresh pursuit that a Virginia trooper would have. With this aid such escaping criminals could not use this invisible state boundary as a means to escape the arm of justice.

To help the states you represent to obtain the same aid for their police as Virginia, Incocrime submits a resolution endorsing its fresh-pursuit act.

However, even when arrested, these criminals must be brought back to Pennsylvania for trial, and, according to usual interstate procedure, this requires technical, expensive extradition procedure which differs in each state. So that, while the attorney-general of Pennsylvania may be well versed in the extradition procedures of the surrounding states of Maryland, New Jersey, New York, West Virginia, and Ohio, all of which may vary, the contemplated extradition proceedings from Virginia may fail, due to some technical difference of the Virginia law from the others.

However, two of these bandits have, in fact, been apprehended in New York instead of in Virginia. So the case concerning them is far different. For New York became a good coöperator with its sister states by having adopted, last year, the model extradition act drafted by our commission and the commissioners on uniform state laws. Under this act, the extradition of the bandits themselves is simplified and expedited; indeed, it could have been entirely eliminated, if they had agreed to waive such procedure and return voluntarily. You can appreciate that this hope of saving time, trouble, and expense by waiver is a very practical one when I tell you that in New Jersey, where the model act has already been adopted, approximately two out of every three fugitives from justice from other states now waive extradition proceedings. That this saving is substantial, you will realize when I tell you that there are approximately six hundred extraditions each year between New Jersey and the other states, and no one knows how many hundreds, or rather

thousands, among the other states not involving New Jersey.

### THE "BRAINS" OF THE GANG GETS OFF SCOT-FREE

But what of the "brains" of the gang in Ohio, who bought the guns and the car and got his pals to commit the holdup in Philadelphia? Here a very interesting, not to say discouraging, loophole in the law appears. For, under ordinary conditions, this man who planned the crime can probably get off scot-free in all the states because he has never left the state of Ohio. Not having crossed the Pennsylvania boundary he is not an actual fugitive from justice from the state of Pennsylvania, within the meaning of the United States Constitution, and he, therefore, cannot be extradited to Pennsylvania under its terms to face justice there for the crime committed by his henchmen. Nor under the law in the average state could he be convicted of crime in Ohio for instigating the commission of such crime elsewhere; and, practically, the likelihood of a prosecution there is not great anyway, since there was no actual harm to such state from the robbery which occurred in Pennsylvania.

But this loophole in the law which violates every sense of justice by permitting the "brains" of the gang to escape punishment for his crime is further plugged up by our model extradition act, which, if enacted in Pennsylvania and Ohio, would specifically permit those states, voluntarily, to aid each other in controlling crime, even further than the federal Constitution requires. Under this act Pennsylvania or your state could extradite the "brains" of the gang from Ohio to face justice in the Pennsylvania courts for the crime he successfully planned.

To help the states you represent to obtain the same aid in extraditing its criminals as New York, Incocrime submits a resolution endorsing its model extradition act.

### WITNESSES CANNOT BE COMPELLED TO ATTEND TRIAL

Now we come to the trial, in Pennsylvania, of the members of this gang, who have thus been captured and extradited with

the aid of two of the model bills drawn by the Interstate Commission on Crime. For simplicity, let us consider the evidence at the trial as against the "brains" of the gang only. The proof that in Ohio he purchased the guns and the car to commit the crime can be given only by Ohio witnesses. But, as the law exists at present, Pennsylvania has no way to compel the removal of these witnesses from Ohio to Pennsylvania, since the power of the Pennsylvania courts stops at the state line, and no depositions of such witnesses can be taken in Ohio in the absence of the defendant, who is in jail in Pennsylvania. Therefore, the "brains" of the gang, finally removed to Pennsylvania for trial, will be acquitted after all for lack of evidence due to this other loophole in the present law.

But had the "brains" of this gang done his job in Minnesota instead of in Ohio the case would again be far different; for last year Minnesota enacted the third of the above model bills—the one to remove out-of-state witnesses. Under this act, on a simple order by the Pennsylvania court, honored by the courts of Minnesota, unless there would be undue hardship to the witness, such witness can be removed forcibly to the Pennsylvania courts to give testimony to convict the "brains" of the gang.

To help the states you represent to obtain the same aid as Minnesota in removing witnesses for criminal trials, Incocrime submits a resolution endorsing its model act for the removal of out-of-state witnesses in criminal trials.

#### SHALL WE PUT A WATCH ON OUR CRIMINALS?

Finally, let us suppose that these bandits have all been tried, found guilty, sentenced, and have served the bulk of their terms in the penitentiary. None of them are Pennsylvania residents; two come from Ohio, one from New York. Pennsylvania does not want them, and Ohio and New York probably are not overwhelmed with anxiety to receive them. But they must live somewhere, and Ohio and New York are where they grew up and belong; that is where their families and friends are; that is where, ordinarily, there will exist the best chance

of their being rehabilitated into good citizens under the supervision of parole officers. That is, in fact, where they will doubtless drift anyway. Ohio and New York certainly do not want them to drift back unsupervised to start in to become bandits all over again. But at present there is no legally enforceable way by which Pennsylvania can arrange with Ohio for such supervision in Ohio. Therefore, Pennsylvania must either continue to supervise these outlanders in Pennsylvania, who have no business in Pennsylvania anyway, or it must turn them loose on Ohio unsupervised.

However, had they been citizens of New Jersey and had returned there, the situation would again be far different. For New Jersey, as well as New York, has adopted the fourth and last of our commission's model acts—that to permit states to agree to supervise each other's out-of-state parolees, a perfectly fair give-and-take agreement. The state parole officer in Pennsylvania would notify the similar officer in New Jersey that this New Jersey resident was being sent back on parole. By this agreement, the New Jersey parole officer would be given custody of this man and would arrange for his continued supervision in New Jersey while on parole, for the better protection of the citizens of both states.

That this problem, so easily solved, is a substantial one, you can realize when told that today there are ninety New Jersey authorities, while there are one hundred five Pennsylvania residents on parole from New Jersey courts being supervised by Pennsylvania. Doubtless the number of similar individuals on probation from the courts of the two states is even greater, and how many hundreds, not to say thousands, of these out-of-state parolees and probationers exist in the other forty-six states can be well imagined. It is this situation which has given rise to the Central States Probation and Parole Conference which meets annually; to the Southwestern States Parole Conference which met in Texas in September; to the Interstate Probation and Parole Conference, comprising the states of Connecticut, Massachusetts, New Jersey, New York, and Pennsylvania; and to the trail-blazing compact for out-of-state parolee supervision entered into last year by the

states of Indiana and Michigan under the blanket authority of the federal Constitution and the federal Ashurst-Sumners Act.

To help the states you represent to obtain the same aid as New Jersey, Michigan, and Indiana in supervising out-of-state parolees, Incocrime submits a resolution endorsing its model act for the supervision of out-of-state parolees.

#### COÖPERATION TO CONTROL CRIME HAS STARTED

The importance of these four model crime control bills seems obvious to the citizens of this nation. The citizens of Illinois, Indiana, Louisiana, Maryland, Michigan, Minnesota, New Jersey, New York, Rhode Island, and Virginia are all coöperating as never before in this field, due to the adoption by their legislatures of some, if not all, of such model acts. It is to be hoped their incoming legislatures will complete the fine work so started. The states of Colorado, Kansas, New Mexico, and Wyoming have entered into an interstate compact based upon and covering the various principles set forth in the commission's acts. Any state which adopts these acts will, therefore, be assured immediately of the coöperation of these fourteen states of the Union.

Since in 1937 the legislatures of forty-three states will meet in regular session, it is the confident hope of the Interstate Commission on Crime that the end of the legislative sessions will see the great majority of the states in the Union coöperating for crime control. The merits of the model bills must be told to the members of the legislature and they must know that the public wants them. Here the active and official backing of the American Legion is important. Here your understanding and interest is important. With that assured, the citizens of this country will realize that they can clasp hands across the "twilight zone" and truly coöperate to control crime.

Immediately following the report, resolutions on the following topics were moved by Judge Hartshorne and carried: Uniform Act on Fresh Pursuit of Criminals Across State Lines; Uniform Criminal Extradition Act; Uniform Act to Secure the Attendance of Witnesses from without a State

in Criminal Proceedings; and Uniform Act for Out-of-State Parolee Supervision. See page 181 for text. Hon. Gordon Browning, governor of Tennessee, took the chair.

CHAIRMAN BROWNING: The session is now ready to consider the very important subject we know as "social security."

We have with us the chairman of your Interstate Commission on Social Security who is now ready to give his report on this topic, and I take great pleasure at this time in presenting to you Commissioner William J. Ellis of the State of New Jersey.

COMMISSIONER WILLIAM J. ELLIS: For upward of three hundred years the colonial and state governments of this country have been in process of enacting and revising the laws relating to settlement of dependent persons. Primarily the need for such laws arose out of the nature of the important sources of public revenues. Property taxes paid the costs of local government. From the beginning of such legislation the care of the poor was considered to be a local affair.

In view of the changing complexion of the problem of relieving the poor, we need now to define intercommunity and federal-state-local areas of responsibility. Major differences between the laws and practices of separate jurisdictions must be reduced to some sort of order which will eliminate uncertainties and frustration in the administration of public welfare.

We are brought here for the express purpose of considering how, by joint action, through uniform clauses of law, through interstate compacts or agreements, and through federal-state-local coöperation we may recognize and provide for the needs of persons who are needy but who fall outside of those uncoördinated limitations of our settlement laws.

Practical experience in the administration of public welfare indicates that the problems for which we must plan solutions fall within the following categories:

#### A. STRANDED TRANSIENTS

What shall we do about the stranded transient? He comes into our midst for numerous reasons. Our interest in him, however, is limited by the thoughts: (1) He is needy; (2) he is in our community;

(3) it is the duty of government to relieve his necessities and to help him become an asset to the community at large as promptly as possible.

Analysis indicates that the problem of the stranded transient requires federal, state, and local coöperation. This coöperation probably should take form by securing legislation along the following lines:

1. Uniform State Legislation.

(a) A period of one year's residence as a requirement for gaining settlement.

(b) A provision for the retaining of settlement in one state until a new one is acquired in another state.

(c) Relief and service to unsettled persons in accordance with local standards of relief, wherever they may be found in need and until such time as the necessary investigation regarding settlement is completed.

(d) Vesting in the state department of public welfare the power to determine the final decision as to the retention of an unsettled person in the state or the return of such person to his place of legal residence.

(e) Authorization of state departments of public welfare or the corresponding agency to reimburse the local units for the costs of relief and service given to the person without legal settlement.

(f) Authorization of state departments of public welfare or the corresponding agency to provide relief and service for transients—interstate and intra-state—as an integral part of the general relief and service department.

2. Interstate Coöperation.

Assuming that states find it possible to establish such a pattern, it would be appropriate to recommend adoption of the Uniform Transfer of Dependents Act by the several states. This model law has been carefully drawn and has been recommended to the states by the Commission on Uniform State Laws, the American Bar Association and the American Public Welfare Association. It authorizes state departments of public welfare to enter into reciprocal agreements with the corresponding agencies of other states in relation to the support and transfer of nonresident dependents.

3. State Coöperation with the Federal Government.

We are witnessing currently the great potency of federal grants-in-aid as a method

of accelerating the development of a standardized social security program in the several states. This device appears to be appropriate for use in stimulating the adoption of standard practices among the states for dealing with stranded migrants. Federal grants-in-aid for this category of the needy are logical. It would be effective in hastening the day when the settlement-law barriers to good public welfare practice would disappear.

B. INTERSTATE COÖPERATION  
UNDER THE SOCIAL SECURITY ACT

There are a number of points at which administration of the public assistance laws of the social security program would be benefited by a formal plan of interstate coöperation. The following may be summarized as an initial grouping of problems growing out of the relatively short experience thus far available:

1. At present there is no method of compelling legally responsible relatives, living in another state, who are financially able, to contribute to the support of their indigent kin. Perhaps we should discuss the desirability of continuing the legal responsibility of members of a family group to support one another. But if we hold that legal responsibility of able relatives is socially desirable, it then follows that this responsibility should be enforceable over state lines.

(a) In case neighboring states desire to enact reciprocal laws compelling responsible relatives to support their kin, such laws no doubt should establish the same categories of legally responsible relatives.

(b) The question of arranging between coöperating states that they act as agents for one another in compelling able relatives to contribute should be thoroughly considered.

2. Records of vital statistics probably should be made available reciprocally to public welfare departments of other states without charge. At the same time, it is necessary to consider the cost of preparing certificates.

3. The question of permitting recipients of public assistance to establish legal residence in other states without losing, in the meantime, their right to the public assistance granted, should be considered. Such

arrangements would enable clients subject to certain types of physical ailments to live in beneficial climates. They would permit family groups to be reunited. The administrative as well as social aspects of such arrangements should be considered here. For instance, should one state agency assume responsibility for supervising a client while another state is paying the assistance? Should settlement be "frozen" under this type of arrangement?

4. It is one thing for states to agree to exchange information about clients and their families, but no such agreement will be practical unless the standards of social case work performed by the respective agencies are substantially equal.

### C. INTERSTATE COÖPERATION WITH RESPECT TO UNEMPLOYMENT COMPENSATION

In most states the newest form of large-scale social security administration is concerned with unemployment compensation (or insurance). Many of the laws adopted specifically authorize the administrative officers in charge to enter into agreements with neighboring states for reciprocal arrangements.

To a great extent the effectiveness of the federal-state-system of unemployment compensation will depend on the degree of coöperation which can be achieved between the various states. Two important problems requiring interstate coöperation are, namely: (1) Protection of the worker who performs service in more than one state in the course of his benefit year; and (2) coverage without duplication of the company which does business in two or more states.

#### 1. Collection of Contributions.

Contributions by employers are based on employment as defined by the laws of the several states. Every such definition contemplates coverage of some service performed without the state. Of the thirty-six laws enacted to date, eleven apply to employment if all or the greater part of the work is performed within the state.

There are many variations in the wording of these definitions, the object of which appears to be secure coverage in one state of the entire employment of the individual

who performs services for one employer in two or more states. Since each state requires a qualifying period of service as a prerequisite to the right to benefits, and bases the duration of benefits on the length of the service covered by the law, a division of coverage among several states may greatly shorten the duration of the benefits to which the individual is entitled, or may exclude him altogether if he fails to work long enough in any one state to satisfy the qualification period.

At the conferences of state administrators of unemployment compensation laws and of the Bureau of Unemployment Compensation of the Social Security Board, it has been agreed that it is essential that a uniform definition of interstate employment be adopted. This definition should provide so far as possible an automatic method of determining the coverage in any given case. It is recognized, of course, that difficulties may arise even if a uniform definition is adopted by all the states by reason of differences of interpretation or because situations arise which have not yet been considered and which are not covered by the definition.

#### 2. Payment of Benefits.

Whatever definition of interstate employment is adopted, it is inevitable that many cases will arise where an interstate worker who has accumulated benefit rights in one state will become employed in another. In other cases, workers who perform services for two or more employers in two or more states may be entitled to benefits in several states. It is clearly disadvantageous to require an individual who is unemployed to use whatever reserves he may have to pay for transportation in order to collect his benefits. To avoid this difficulty all compensation should be payable wherever unemployment occurs or where the applicant has his residence. To this end sixteen unemployment compensation laws authorize the administrator to enter into reciprocal agreements with other states for the payment of benefits, based on rights accumulated in the other states, to the unemployed within the home state. Probably the remaining twenty states should enact this provision. Agreements probably can be framed so that they will not result in losses to the coöperating states.

One thing is certain at the moment; the administration of social security and the public welfare laws has definitely outgrown the capacity of the locality and the individual state. Each of these levels of government can contribute effectively toward the whole program which must inevitably require the cooperation of the federal government to provide leadership, basic standards, and financial support. That pattern of cooperation has now been established. It remains for us to consider means of making it more effective.

Immediately following the report resolutions on the following subjects were moved by Commissioner Ellis and adopted: Uniform Settlement Laws; Uniform Transfer of Dependents Act; Congressional Action for Grants-in-Aid to States to Meet Transient Problem; Federal Responsibility for Old Age Assistance and Relief to Indians; Studies to Be Undertaken by Staff of Council of State Governments. See page 180.

CHAIRMAN BROWNING: It is now a very happy privilege to present the next speaker on the program. He is a former president of this assembly, a former governor of the state of New Hampshire, and is now the chairman of the Federal Security Board, Hon. John G. Winant.

HON. JOHN G. WINANT: The Social Security Act represents our first attempt to plan for a minimum of economic security on a nation-wide front in terms of money and on a permanent basis. Yet it embodies little that is new, either in its objectives or in its methods. Provision for the common welfare has been one of the major purposes of our government since its foundation, and state action with federal assistance has long been accepted as a practical means of coordinating government operations in several fields of common concern. What the act does is to interpret the common welfare in terms of today's urgent social and economic needs, and to extend the scope of federal and state cooperation to meet these needs through an organized and permanent program.

In setting this program into motion the states are required to take the lead. Under nine of its provisions, those for unemployment compensation, for assistance to the

needy aged, the dependent blind, and dependent children, for public health, maternal and child welfare, and the rehabilitation of those crippled in industry, no benefits or services can become actually available to the people without state action.

Under the section of the act providing for old age benefits, twenty-four million industrial and commercial workers have applied for account numbers, and two and a half million employers have registered. The outstanding fact about this plan is that the majority of our working people will in the future be entitled to a life income after they retire from regular employment on reaching sixty-five years of age. This is the one section of the act to be directly administered by the Social Security Board. It was made a federal function because migration of workers over periods of years and the need of a wide actuarial base made it necessary.

In all its other provisions the Social Security Act establishes a framework within which federal grants may be made to the states. It does not provide unemployment compensation; it does not offer public assistance or welfare services. It simply makes it possible for the states to set up these safeguards for their own people, more adequately supported and without competitive disadvantages in the unemployment provisions.

The states' responsibilities do not end with the enactment of legislation or the initiation of a plan for any one of these programs. The act charges them specifically with the obligation of administering their own security measures. Because those who framed the act and the congress which passed it recognized the wide variations in needs and resources in different parts of the country, flexibility and growth through experience and experiment are possible and encouraged.

Within these very broad outlines each state is responsible for the effectiveness of its own programs. In the fields of public assistance and of unemployment compensation it is charged not only with administration and with the selection of personnel, but also with setting up standards of eligibility and determining the amounts which shall be paid to individuals. Every one of these duties involves important ad-

ministrative decisions. The difficulties encountered and the advantages realized by individual states differ in relation to available state and local resources, the state's past experience in welfare legislation, the character of its economic life, and the social outlook of its people.

The Social Security Board is prepared, upon the request of any state, to consult with it on any question related to the administration of its own plans. The board is a service organization which wants to cooperate in developing broad principles and policies which might serve as standards and guides.

Since there are wide differences among state public assistance plans, in requirement for eligibility, and standards of assistance, it is at these points that interstate problems have been most evident. In these first months while state programs have been getting under way and the load of applications has been heavy, problems relating to residence have been frequent. They are particularly perplexing because of the divergent point of view and practice of the various states. The act requires that no one is to be excluded, on grounds of residence, from either old age assistance or aid to the blind, who has lived in a state for five of the last nine years and one year before making application. For aid to dependent children the residence requirement may not be more than one year. But, in spite of the uniform requirements, a problem arises because some states define or interpret residence and legal settlement more liberally than others. In some of the older states certain traditional and legal barriers still tend to exclude outsiders. In others, where a favorable climate is attractive especially to older people and to health seekers, the possibility of overloading the state with a disproportionate assistance burden also makes for a rather stringent policy with regard to residence.

Three possible ways of meeting these difficulties have been suggested: The abandonment of all settlement laws; the enactment of uniform settlement laws; and the development of interstate agreements to care for nonresidents. Of these alternatives, the last seems at present the most feasible, and steps in this direction have already been taken by certain states.

This suggestion calls for an interchange of responsibilities for assistance where the number of cases involved is substantially the same in the two states. In the states which are most subject to immigration from other parts of the country this interchange basis might not be sufficient; if so, it could be supplemented by some provision for charging back part of the cost to the state of original residence. Such an arrangement should be of advantage both to the individual recipients and to the states. A rigid enforcement of residence requirements may mean that a needy person is compelled to continue to live in one place when he would be happier and better cared for in another, as, for example, when an aged person must live alone because relatives who could offer him partial support live outside the state. Such a situation is equally bad from the point of view of the state, since it must then pay for the entire support instead of taking advantage of such partial support as the family could give. A secondary expense, that of transportation, could often be avoided under an interstate agreement.

I think it is not only true in regard to expenses, but it is even more true in regard to human relations. Some of the cruelest practices that I think we have allowed to continue in the United States have to do with this problem of residence, not only as between the United States and other countries, but also as between local communities within the particular states.

Another point at which public assistance crosses state lines is in securing and verifying information relating to applications. Every state agency must frequently ask the help of other state agencies in this connection. But with no procedure established, it has entailed much unnecessary effort and in some cases considerable expense. It would be helpful if the states could work out an agreement as to what kind of service could legitimately be requested and could set up standard forms for both requests and reports. At the same time all states might well assume responsibility for paying the cost of investigations made at their request by an agency in another state.

In addition to these two problems where the possibility of interstate agreements has already been discussed by the states and

the Social Security Board, there are a great number of broader problems relating to eligibility and to standards of assistance on which the experience of each state is of value to others. The Social Security Board acts as a clearing house for such information. But both the act itself and the policy of the board have consistently emphasized the responsibility of each state to study its own needs and resources and to make its own decisions in the light of these findings. The board conceives of the security program as forming an integral part of each state's public welfare provisions. If it is to take its place in each state as part of a well rounded and carefully planned program, it must be firmly rooted in local understanding and support.

The formulation of interstate agreements has been suggested as the most effective means of meeting some of the problems already raised. This possibility has been discussed particularly in connection with providing protection against unemployment for three types of migrant workers: Those whose work for one employer carries them into more than one state; those who become unemployed in one state after having established compensation rights in another state; and those who do not work long enough in any one state to entitle them to compensation.

No one is so aware of the limitations of the Social Security Act as are those of us who are concerned with the practical problems of its administration. We know that it is neither final nor complete. But we know, too, that under its provisions we have in a single year made a greater advance toward social security than at any time in our past history. We have met the most urgent needs of people and set up our first defenses against future need. State legislators and officials, often laboring against great obstacles, have undertaken these security programs and through their untiring efforts have seen them well established in their own states.

The experience and the activities which give life and meaning to the program are in large measure within the province of the states. As a major part of its contribution to this great cooperative enterprise, the Social Security Board acts as a coordinator and medium for the classification and exchange of this experience. The cooperation so well begun during this first year within each state, between the several states, and between the states and the federal government is our best assurance of future progress.

The meeting recessed at 12:10 P.M.

## FRIDAY EVENING BANQUET

January 22, 1937

**T**HE *Friday Evening Banquet of the Second General Assembly of the Council of State Governments* was held in the ball room of the Mayflower Hotel, Washington, D. C., with Hon. Paul V. McNutt as toastmaster.

**PRESIDENT McNUTT:** The struggle to restore economic and social equilibrium is as grim and as real as any war. It calls for the same unselfish service, intelligence, energy, and solidarity.

The emphasis of this conference has been upon solidarity. But it requires something more than that: it requires the same willingness to give all that we are and all that we hope to be without thought of reward

save the accomplishment of high purposes. It also demands something more than that—a critical and a searching examination of all governmental agencies to see if any have outlived their usefulness.

If representative government is to meet the test, then we must have the wisdom and the courage to consider the facts and make the necessary changes.

I present to you with great pleasure a seer and a prophet through the years in the field of public administration, the director of the Public Administration Clearing House, the chairman of the President's Committee on Administrative Management—Louis Brownlow.

MR. LOUIS BROWNLOW: Our democratic institutions and our republic form of government are based fundamentally upon the consent of the governed. That consent is obtained after the free discussion of public issues, by free speech, by a free press, and through free assembly; and then is expressed through the electoral process in the choice of the people's representatives.

Once the will of the people is expressed after this free discussion, the freely chosen representatives of the people determine governmental policies in the form of laws and votes of appropriations to support governmental activities; while civil rights and private rights are safeguarded by an independent judicial branch of the government.

But the process of discussion, election, lawmaking, and the hearing and determination of cases in the courts is not enough to make effective the will of the people.

That will must be executed. For that reason one hundred and fifty years ago in the Constitution of the United States the American people established an executive. That pattern has been followed in states and in cities. It is the duty of the executive, to use the language of the United States Constitution, to "take care that the laws be faithfully executed. . . ." The executive exercises this function through administration. Successful administration requires good management. Management is the very heart of the problem.

In the United States we have chosen, and I believe we have chosen wisely, to conduct our governmental processes through a federal government, through state governments, and through local governments. We have so chosen in order that the governmental process in purely local affairs can be kept close to the people; in affairs of a wider range, kept within the states; and that those of a universal character be subject to the decision of the people of the nation as a whole.

But with the increasing complexity of our social and economic life we have come to recognize the need of new tools, of more modern machinery for the adjustment of intergovernmental interests, and the apportionment of intergovernmental responsibilities and obligations. For all too long whenever a problem has arisen we have discussed it not only in its relationship to

the will of the people but also as to whether or not its legislative and administrative aspects should be undertaken by the federal government *or* the state government *or* the local government.

We do this despite the fact that in actual practice we are, year by year, making more and more successful experiments in the common effort to solve these problems and in common administration by federal and state and local governments. I believe that in these discussions what we need to do most is to strike out the word "*or*" and insert the word "*and*" so that we will think of our entire democratic governmental structure always in terms of federal *and* state *and* local.

In the introduction of modern machinery for the successful administration of such coöperation, the desirability of which few will deny, we are deeply indebted to the imagination, the devotion, and the indomitable energy of Henry W. Toll, out of whose mind grew, and by whose labor has been erected, this Council of State Governments. Especially tonight, when we are considering the relationships of federal, state, and local governments, I think we should not only recognize the great good that this organization already has accomplished and its even greater promise of achievement in the future, which has been made possible by the coöperation of men and women in all the state governments, but that we should pause to pay a tribute to Senator Toll, the organizing genius who has made it possible for us to be here.

Intergovernmental coöperation requires better tools and more modern machinery for the following principal reason: the governments themselves, federal, state and local, now do coöperate in scores of activities and through hundreds of channels, but the formal governmental coöperation as expressed in division of labor, in division of costs, and in the sharing of responsibility is not enough.

There must be a continuous process of discussion and matching of minds, a continuing exchange of experience and information among the men who are responsible for legislative action and executive administration. This is the reason why there have grown up so many strong organizations of public officials, and this is the reason why

the work of these associations has flowered, flourished and brought forth so many good fruits.

The Council of State Governments is in itself one of the most important pieces of the modern machinery for successful intergovernmental management. It enables those charged with the government of the states in the executive, legislative, and judicial branches to pool their knowledge, discuss their problems and to deal, on the one hand with the federal government, of which the states are the component units, and, on the other hand, with local governments, which are constitutionally the creatures of the states.

In actual practice these relationships are not so simple. In fact, they are exceedingly complex. Their harmonious adjustment is the principal problem of the American people. To this end, the Council of State Governments furnishes a means, not only for the cooperation of federal, state, and local governments, but it provides a way for making effective interstate cooperation among a group of states having a common interest in a regional problem or some other phase of public policy too large for the state and perhaps not large enough for the nation.

Such interstate cooperation was provided for in the interstate compact clause of the constitution. The Council of State Governments provides the machinery for dealing with these problems and bringing to actual realization the constitutional possibilities.

What is needed now is the perfection and the utilization by all of us of this machinery for intergovernmental management, which Mr. Toll has imagined and which you, his colleagues, have brought into being.

What is needed now is courage to face the fact that the highest goals of our democratic purpose cannot be achieved unless we realize afresh that we are all, in our several levels of government, a part of the truly national, the wholly American government; that our great ends cannot be achieved unless we recognize our interdependence and highly resolve to work each for the other and all for each. Taking such a resolve and using the new machinery now ready for us, we shall be able to manage our intergovernmental affairs—federal and state and local.

PRESIDENT MCNUTT: The response on behalf of the local governments was to have been given by our friend, Clarence A. Dykstra, city manager of Cincinnati, known to most of us as "Dyke," but he had neither dike nor art with the flood waters of the Ohio, and he is not here. His place will be taken and his paper read by Andrew Joyner, Jr., city manager of Greensboro, North Carolina, the president of the American Municipal Association.

MR. ANDREW JOYNER, JR.: May I first, Mr. Toastmaster, take advantage of the opportunity to bring to this gathering the most cordial greetings and felicitations from the American Municipal Association and the forty state leagues of municipalities which are included in its membership, and at the same time to explain to you that these agencies through research, exchange of experiences, and mutual helpfulness are striving to improve the general standard of efficiency in the city governments of our American cities and towns?

And now, to the impossible task of striving to fill the role of Mr. Dykstra.

"Gentlemen, I bring you the American City; in fact I bring you all of them, 3,165, the count of Uncle Sam himself. Five of these mean home to more than fourteen million souls. Half the nation's population lives either in, or in the shadow of, cities of one hundred thousand or over. Since 1790 this urban family has grown to more than three hundred times the number that President Washington counted, while the rural folk have increased less than fifteen times. In 1870, 52.8 per cent of American workers were gainfully employed in agriculture; by 1930 this had dropped to 21.3 per cent. It should be apparent, then, that our straggling rural frontier settlement had come to be a full-grown, urban, industrial society. Moreover, it became so within one century, not slowly and with gradual accommodation as did the urban centers of Western Europe.

"This is the great revolution of the United States, a vital change in the way of living and in the making of a living; a changed character in our national life. Contemplate one more fact—40 per cent of the American people live in ninety-six metropolitan centers which occupy slightly more than 1 per cent of the land area of the

nation. In these centers is the workshop of the nation. In the one hundred fifty-five counties which contain the larger industrial cities we find 74 per cent of all industrial wage workers and 80 per cent of all the salaried workers and employes of the nation. Seventy-nine per cent of all wages and 83 per cent of all salaries are paid in these centers—centers in which the value of the goods produced is 79 per cent of the country's total.

#### THE PEOPLE OF THE CITY

"I bring you, too, a majority of our people, living elbow to elbow under every conceivable condition—some in luxury, many in comfort, and millions in poverty and misery. Behind the bold and sometimes beautiful front which many cities boast are the shambles and the slums, the smoke, the grime, the din, the crowds, the workers, and the children. Here, too, are the latest immigrants, the thousands of recently migrated Negroes, the homeless, the drifters, the jobless, and the derelicts. Here is the melting pot of races and cultures. Below the surface of the city are the sewers, water and gas mains, light and telephone lines, the basements, and the tunnels and subways where so many live, work, and move.

"In the cities, too, it should be remembered, we find centered the cultural activities of the nation. Here are the universities, the concert halls, the theatres, the libraries, museums, radio stations, hospitals, clinics, publishing houses, religious and welfare organizations—the paraphernalia of modern civilized living. From the cities radiate the influences which affect every nook and corner of the nation.

#### LACK OF INFORMATION

"And yet, broadly speaking, the city as city and its people as people, until the 1930's, has been the forgotten item in the nation's inventory. Even the census bureau, in the face of the rise of the city to a place of major significance in our national life, tells us less about the facts of city life and the city's people, relatively, than it did forty years ago. Government is pretty thorough in its reporting on rural life, on the numbers and problems of farm

animals, on business conditions and foreign trade, on mines, forests, oil, and a host of other things; but for those who wish reliable information and guidance on urbanism, there is nowhere to turn for adequate data upon which to base a serious study. To mention but one item, and that the most important problem which our cities face, we have, as yet, with all the facilities for reporting which the federal government has at its command, no sound statistics on unemployment available anywhere. The Department of Agriculture knows all about rural life in the United States. The States have their agricultural departments, their agricultural colleges, and experiment stations, plus a corps of county agents covering the entire country. Where is the department, or bureau, or even division or section, in the federal, or in any state government which systematically or even casually undertakes to study the daily problems which face the cities and the people who live in them? Where is there being developed a policy or a program which thinks in terms of cities on a national scale? It is time, then, to establish in Washington a division of urban information as a clearing house for cities which want to know something about themselves in relation to their neighbors. It is shocking that we know so little about urban life and that it is impossible to find out much about it in any one place for any one time on any comparable base. This is true even of financial statistics, except for our largest cities.

#### ECONOMIC AND SOCIAL PROBLEMS

"I bring you, then, just the briefest sketch of a few of the problems of our cities. Fundamental is the fact that millions who make up these teeming populations have such low incomes, and because of the technological development of our industries, live in such precarious insecurity in so far as their jobs are concerned that life is a long, drawn-out nightmare. Working today, idle tomorrow, hungry next week, and homeless next month—how can such citizens be the backbone of a free society! In the long run the stability of the nation itself depends upon a solution of this fundamental problem—one known somewhat to our rural people but aggravated and intensified many times

in our cities because these city folk are removed completely from *any* means of primary subsistence. Linked closely with the fact of insecurity is the specter of the slum and the gaunt picture of bad housing and ill health. Millions of families live in rabbit warrens which induce delinquency and destroy family life. It will take a generation to remedy this condition even with a larger and more significant program of rehousing than anyone as yet has been bold enough to suggest. The need is here for a national housing policy. The call is out for an intelligent planning of our urban industrial life so that we may find a balance and a harmony which will guarantee minimum decency and dignity to this large segment of our people.

#### TAXATION

"Coupled with the social and economic problems which we face are fiscal and governmental difficulties of grave importance. The most elementary public services essential to congested urban life have been threatened and weakened time and again in recent years by an archaic and impossible taxing system. Our governing units on the federal, state, and local levels have vied with each other to tap the possible sources of public revenues. In this contest the cities have come out third best. They have no inherent taxing powers, but by and large are the great reservoirs of taxable wealth. Left for the most part with a revenue system based on the general property tax, faced with tax delinquencies, unable to borrow, and compelled to buy with cash, cities have found themselves utterly unable to carry the burden of their services, their debt, and their relief. By state action property appraisals and assessments were lowered and tax limitations were enacted. Special taxes on gasoline and liquor, and general sales taxes have been laid on a state-wide basis and distributed by the state upon theories utterly incomprehensible to the city folk who paid the bills. Federal taxes in innumerable variety were laid to preempt new sources of city income. Fortunately, the federal program assumed the relief burden of the cities for a time—but the debt and operating expenses remained a local charge. Here is a challenge that must be met—the revising of our national

revenue system from top to bottom. This is a cooperative enterprise which all of us must undertake now, immediately. The havoc created by our conflicting, overlapping, and contradictory tax policies both in urban life and in our industrial system must come to an end.

#### GOVERNMENT

"Cities are still the creatures but not the wards of the state. They find themselves today with the same organic structure and with approximately the same powers of local government which were given them by frontier legislatures when there was no urban center, with as many as 25,000 souls. The creation of new units of authority by state legislatures in local areas has given us overlapping and duplicating tax authorities and power groups. In one single metropolitan community these run to more than two hundred seventy. What we need from our states is a simplification of this crazy establishment and a grant of authority commensurate with the duties and responsibilities of modern life.

"The urban community overflows county lines and state boundaries and, in several cases, cuts straight across the international line. Twenty-two of our ninety-six metropolitan districts, containing more than one fifth of our total population, straddle state lines and answer to two or even three state governments. This fact, a vital fact in our industrial, economic, and public life, is utterly disregarded by the existing machinery of the states and by the federal government. Our constitutional system forces these cities to work through state establishments which singly and collectively have been completely inadequate in dealing with urban problems. The new relation which cities have entered into with the federal government since 1931 gives some hope of an understanding of these difficulties and, eventually, may point the way to a solution.

"Short-circuiting of the state unit by the larger cities has been absolutely essential to the very life of our urban people during the depression because the states refused to act month after month and year after year. In many cases, where state action was finally taken, the result was adverse to

the interest of the cities. In the eyes of many municipal authorities the states as states have thus been committing political suicide. It would seem, therefore, that two courses are open to the sovereign states in their relation at least to our larger cities. They must recognize the urban problem and deal with it adequately, or they must release the cities from the state obstruction and allow the building up of a new federal-city device which will represent a realistic approach to the solution of the urban dilemma. Cities can no longer be the pawns in the game of state politics and revenue collecting—the place where the money and the jobs may be had. Cities are a vital force in American life, our major material and human resource, and they deserve to be treated as grown-ups, not as children. This Council of State Governments can do no more constructive thing than to study this city problem and point the way to an intelligent treatment of these great urban societies.

"Meanwhile, and until new political and administrative devices can be invented, and because after all we are a nation, there seems to be no question but that cities must rely on the national government, and on national policies for help. Assistance in finances and services are indicated for an indefinite future. The general program of grants-in-aid long followed by European states will doubtless become part and parcel of the American way of life, for urban life will seek a national pattern. Industry, business, transport, and communications are built on a national scale. American life, and surely urban life, cannot escape this same nationalization. It is but a truism to suggest that political patterns follow social and economic organization. New wine cannot remain in old containers with safety.

"We stand, then, on the brink of new public relationships—local, state, and national. Not to recognize this is to be blind to the facts. The American city asks tonight to be admitted into a new partnership—it asks to be understood. It wants recognition of its problems as it shares its wealth with the state and the nation. It has come of age and it recognizes its maturity. It wants no advantage over agriculture; it asks only parity and understanding.

It seeks the chance to help itself, to handle its own responsibilities. These things it cannot do unless the states and the federal government will recognize its difficulties and cooperate generously in their solution. Gentlemen, I bring you the American city and I leave with you its challenge."

PRESIDENT McNUTT: Long-time member of the state senate of Colorado, leader in the American Legislators' Association, father and guiding spirit of the Council of State Governments—I present with great pleasure the executive director of the council, Hon. Henry W. Toll.

EXECUTIVE DIRECTOR HENRY W. TOLL: All of us are putting into this work of governmental improvement ourselves, our imagination, our vision, our fervor. The parts of the wheel which happen to be nearer to the hub are no more important than the other parts of the wheel in such a matter as this.

Before I begin my appointed part in this program I think that you will forgive me if I take advantage of this unusual opportunity to express something of the debt which all of us owe to the twenty-five members of our staff. No group ever worked more industriously, more sincerely, more loyally, more unstintingly, than they have done in our cause. (Mr. Toll read the names of the staff in alphabetical order.)

And may I be pardoned if as a matter of personal privilege I take advantage of this exceptional opportunity to pay tribute to four other persons: First, as a symbol of the many hundreds of state and federal and local officials who have given so generously of their time, their genius, and their comradeship, tribute to our illustrious President, Paul V. McNutt; second, to my senior counselor, Mr. Louis Brownlow; third to the man whose companionship has been one of the rich rewards of work in this field, my close associate, my sagacious and helpful counselor, my intimate friend, Guy F. Moffett; fourth, to a certain Smith College graduate who has made ten thousand sacrifices to this work.

The Council of State Governments desires to be something more than your host this evening. It desires to be a friendly assistant to every official of government in his daily labors for the public good.

In my hand I hold a document which

the council personified by its board of managers presents to you. And in case any of you is not able by chance to read the script on this manuscript from where you sit, this is the Declaration of Interdependence of the Governments within the United States of America in Common Council, January 22, 1937.

"When, in the course of human events, it becomes necessary for a nation to repair the fabric which unites its many agencies of government, and to restore the solidarity which is vital to orderly growth, it is the duty of responsible officials to define the need and to find a way to meet it.

"A way does not come of itself. The maintenance of just and efficient government is as intricate, as arduous, and as imperative as any human endeavor. One hundred and fifty years ago our forefathers faced their necessity and formed a new union. They found a way.

"And from that beginning in 1787 sprang history's finest example of the democratic form of government—a government dedicated to the preservation of every man's endowment of life, liberty, and happiness.

"Inevitable changes have come. The fundamental pattern of states united for the benefit of all the people remains the same as it was when the founding fathers wove it. But the far-flung tapestry of our many governments has stretched so taut that the fabric has weakened. The essential thread of coöperation too often is lacking.

"Now, for the first time since the memorable day when the form of our Constitution was determined, official delegates of the states are gathered together with representatives of their local governments, as good neighbors, seeking to revive the original purpose—to form a more perfect union.

"It was meant that the states, while creating a nation, should yet preserve their own sovereignties and a maximum of self-government. But now if the claim of states' rights is to prevail, it must be justified by a demonstration of states' competence. When our union was formed, there was no land transportation, nor any remote communication, except by the plodding foot of horse or man. But since that time our society has been revolutionized by the ad-

vent of transportation as swift as the wind and of communication more rapid than lightning. Our area has trebled. The number of our people has increased beyond belief.

"How have our governments met their mutual problems brought by this modern era?

"They have developed a 'No Man's Land' of jurisdiction.

"In thousands of instances their laws are in conflict, their practices are discordant, their regulations are antagonistic, and their policies are either competitive or repugnant to one another.

"In taxation alone, scores of conflicts between federal and state laws exist.

"The interstate criminal is a standing headline on Page One of every newspaper.

"The forty-eight states pass laws on crime, labor, taxation, relief, corporations, parole, domestic relations, and other questions momentous to our social and economic system, with no thought of harmony. And this discord has been further stitched into our pattern of life by all other agencies possessing the power of legislation.

"This is not as it should be.

"The trend of federal-state projects, exemplified by social security, demands immediate action if those projects are to succeed completely.

"All officials should conduct their own governments properly. But we hold that they must act with earnest regard to the other units of government. The bonds of good will and the lines of communication which connect our many interdependent governments must be immeasurably strengthened.

"Through established agencies of coöperation, through uniform and reciprocal laws and regulations, through compacts under the Constitution, through informal collaboration, and through all other means possible, our nation, our states, and our localities must fuse their activities with a new fervor of national unity.

"We, therefore, as representatives of the officers of government here assembled, do solemnly pledge our loyal efforts to the accomplishment of such purposes.

"As our forefathers by the Declaration of Independence affirmed their purpose to improve government for us, so do we by

this Declaration of Interdependence affirm our purpose to improve government for our contemporaries and for our posterity."

The task before us today is perhaps as formidable as that which confronted the signers of the Declaration of Independence. Who knows but that our mission, as hinted by this document, the Declaration of Interdependence, may be in some respects as momentous as theirs? In some respects our opportunity is undoubtedly even greater than theirs, because for every three persons who were affected by the government which they provided, one hundred are affected by that which we provide.

With their picturesque quills they signed a document redolent of the spirit of challenge and of independence. In itself it was only a piece of parchment. But by the high and enduring quality of the purpose which it evidenced, it has become almost as sacred as the Grail.

This document is inscribed in the spirit of the welcoming hand and in the spirit of interdependence. Like that other document, it is nothing in itself. But it also can be rendered precious if it too evidences enduring determination and zeal. By what you are doing at this week's assemblage and at this evening's gathering you are undoubtedly writing history.

In a spirit akin to patriotic fervor, each of you who is a legislative, executive, or administrative official of any local, state, or federal government may, if you will, in a few moments, become a signer of this Declaration of Interdependence, and by that signature may dramatize what we are undertaking together, for upon these pages there is space for more than one hundred autographs.

Let us make this coming together and this document the keynote of a new era of cooperation among the governments within the United States.

In anticipation of the later signing by others of you, may I ask that it now be signed by one federal official, the chairman of the advisory board of the National Resources Committee, Hon. Frederic A. Delano; by one state official, the president of the Council of State Governments, Governor Paul V. McNutt; and by one local official, the president of the American Municipal Association, Hon. Andrew Joyner, Jr.

PRESIDENT McNUTT: We are grateful to Mr. Toll for his presentation of this Declaration of Interdependence. As we said at the outset, this is another testing time for representative government. This is a declaration that our high enterprise is to prove sufficient in every circumstance and for every task which can come to free people.

As an inspiration and as a benediction, I read the message of greeting to this assembly and its guests from the President of the United States:

"The need in government everywhere, federal, state, or local, is efficiency. Only through good management, a practical demonstration that democracy is the most efficient form of government, can we hope to perpetuate the institutions to which we owe all of our greatness.

"When you greet the Council of State Governments at the dinner on the evening of January 22, please extend to all present my hearty felicitations and warmest good wishes. I trust that as a result of the Council's deliberations in Washington, the aims and objects of good government everywhere may be encouraged and advanced.

"Franklin D. Roosevelt,  
President of the United States."

The meeting adjourned shortly thereafter.

## FRIDAY AFTERNOON SESSION

January 22, 1937

**T**HE meeting reconvened at 2:00 P.M. **CHAIRMAN COCHRAN:** We will now have the report of the American Legislators' Association, to be given by Hon. T. V. Smith of Illinois in place of the president of the Legislators' Association, Senator Henry Parkman, Jr., of Massachusetts.

**HON. T. V. SMITH:** This is a report, let me call it, of intellectual progress in the problems that are before us. Studies to be undertaken are, for instance: The unicameral system; the completion of personnel study and report; committee organization and committee functioning in legislatures; organization and functioning of special committees and interim committees; the relation in a state between the legislature, planning board, legislative council, and their respective research staffs; a broad-range study of forty-eight states to determine the part played by the legislature in the life of the state as a community; and study to determine whether any feature of the British system for maintaining executive contact with the legislative body might advantageously be applied to American legislatures. In addition, such typical questions as the following will be considered: the development of organizational activities of the Legislators' Association; the consideration and preparation of rules of order and a volume for use by the state legislatures; the formulation of standards concerning procurement, training and functions of staffs for legislatures; establishment of legislative councils; establishment of legislative reference bureaus; consideration and establishment of code of ethics for legislators; improvement of physical equipment for legislatures; and consideration of training for legislators.

**CHAIRMAN COCHRAN:** Senator Parkman was at the conference but was called away due to a telephone message which informed him of the death of his mother.

A motion made by Senator Long to send a message of sympathy to Mr. and Mrs. Henry Parkman, Jr., was seconded and unanimously carried.

**CHAIRMAN COCHRAN:** In connection with the flood emergency situation that is now in the minds of all of us, it is the chair's understanding that Senator Patrick Beacom, of West Virginia, has a resolution to present. I recognize Senator Beacom.

**SENATOR J. PATRICK BEACOM** (West Virginia): Yesterday it was my pleasure to attend a conference held by the United States Flood Control Federation here in Washington. This federation suggested to Senator Johnson and myself that a resolution could be offered to the Council of State Governments urging that necessary legislation be offered in each state to create a flood control commission, so that the states would be in better touch with the federal government, as recommended in the 1936 Federal Flood Control Act. Therefore I offer this resolution:

**RESOLVED**, that the Third General Assembly recommends the adoption of a uniform act creating state commissions to assist in the institution and consummation of a federal long-range program of flood control and regulation of flood waters within the cooperating states, thus meeting the requirements of the 1936 Federal Flood Control Act.

**BE IT FURTHER RESOLVED**, that the Third General Assembly recommends the passage of necessary state legislation for the establishment of a state agency with authority (a) to deal with the federal government or any other state or states or state agency in behalf of the state, (b) to recommend to the governor and legislature all necessary state legislation, (c) to serve as a proponent body on flood control, and (d) as a clearing house to pass on all plans, surveys, proposals, or requests from localities within the state concerning flood control.

**HON. CHARLES W. TERRY** (Illinois): I rise for information. I am not thoroughly familiar with the 1936 Federal Flood Control Act. My recollection of that act is that it does require or might require the expenditure of vast sums of money in connection with the flood control of a river of the size of either the Mississippi or the Ohio. If I am wrong I should like to be

set right. My recollection further is that it requires each state to furnish all the right of way and pay all damages incident to whatever public works are constructed by the federal government, the expense of those works, together with the preliminary and current engineering, to be paid, of course, by the federal government.

JUDGE RICHARD HARTSHORNE (New Jersey): I wonder if I may make a suggestion, not on the merits of the proposition, but on the means. I think one of the things which we want to avoid as much as possible is creating too great a multiplicity of governmental agencies, perchance overlapping. It so happens that in the bulk of the states that are involved in the present situation, there have been created state commissions on interstate cooperation, and those commissions, at least in the states nearby, New York, New Jersey, and Pennsylvania have created subcommittees to consider exactly this proposition of flood control and water conservation. My thought is that rather than urge the creation of a separate commission to take up this function, we ask that the present existing commissions in the various states, created to deal with their sister states, shall themselves take up this matter. Then we have a very definite example of exactly that sort of thing which is working out in a very practical way with the Delaware River.

DEAN WAYNE L. MORSE (Oregon): I should like to suggest that the delegate from West Virginia write his resolution in two parts, the first beseeching cooperation with the federal government; and that we vote separately on each part. I think this matter of taking back to our state legislatures resolutions suggesting the creation of more and more commissions will jeopardize some of the better work that will come out of our sessions. I also think that the state commission as suggested by the senator is largely a local problem, but the general principle of whether or not this council should urge the federal government to extend its agencies for the utmost cooperation with the states falls properly within the jurisdiction of this particular meeting.

CHAIRMAN COCHRAN: Senator Beacom, is that method of procedure satisfactory to you?

SENATOR BEACOM: I should like to answer the gentleman from Oregon by saying simply that under the proposed bill and the bill now existing in New York, a commission is created and it is a nonsalaried commission. There is no expense entailed in so far as the commission itself is concerned. I am told by Senator Royal S. Copeland that the federal government under this act will apportion sufficient funds to each state to carry on the work of a commission if it is so ordered.

If it is the desire of this body that the resolution be broken down into two parts it is agreeable to the delegate from West Virginia.

SENATOR BEN G. ONEAL (Texas): It has occurred to me, coming from a state which has established a planning board which has set up different committees and different state agencies backed by the federal government, that you could simply devolve this duty and authority on that board and not be caught with the charge against you of having set up another commission. I know what the charges are against the legislature for creating new commissions.

The gentleman who spoke asking for information seems to know all about what this federal law requires. I think he quoted it entirely correctly a while ago. In order to get the benefit of that federal legislation and that money you have to do some things in your state, and I think rightfully so; and in order to acquire your rights you have to give some authority in the state the right of condemnation or eminent domain. The federal government may not exercise that in your state. If the states cooperate in the Ohio valley (and I have the same situation along the Red River between Oklahoma and the State of Texas), and if you are to receive the benefit of that cooperation on those joint enterprises, those states will have to cooperate with one another in order that each state may do its part under the power of eminent domain, and to enable the other state to do so.

SENATOR EMERSON CAMPBELL (Ohio): I think if we break down this resolution we are only making an empty gesture to the federal government.

HON. CHARLES W. TERRY (Illinois): Illinois is entirely in sympathy with the general purpose, scope, and object of the

resolution, but there is a legal question suggested by the gentleman from Texas. Under this 1936 Federal Flood Control Act is a separate commission necessary? Might it not be a general commission that not only would have the necessary powers required under this act but also would have other powers enabling it to take a comprehensive view of all the cooperative work which we have in mind?

SENATOR BEACOM: I desire to answer the delegate from Illinois on the question he has asked. Yesterday afternoon at the meeting of the United States Flood Control Federation, there attended, among others, Captain Lucius D. Clay, in charge of the Flood Control Division of the United States Army Engineers. It is my understanding that Captain Clay stated that a commission set up by each individual state would be more helpful to the United States Department of Engineers in working out the problems in the various states than existing agencies which have other duties to occupy their minds. I think that answers your question, Senator.

SENATOR ROBERT C. HENDRICKSON (New Jersey): I offer the following amendment to the resolution. After the word "commissions" on line two, insert the words "on interstate cooperation affiliated with the Council of State Governments, among other functions." It does not change the meaning, but it merely clarifies the first portion of the resolution:

I will read it as it would be amended:

RESOLVED, that the Third General Assembly recommends the adoption of a uniform act creating state commissions on interstate cooperation affiliated with the Council of State Governments, which among other functions would assist in the institution and consummation of a federal long-range program of flood control and regulation of flood waters within the cooperating states, thus meeting the requirements of the 1936 Federal Flood Control Act.

I move the adoption of the amendment.

HON. SIMEON E. LELAND (Illinois): I want to second that amendment. It seems to me that the whole purpose for which this assembly has worked so hard will be lost if, whenever a new problem arises or whenever an emergency appears, we create some new commission to do work for which

the state commissions on interstate cooperation should be responsible.

SENATOR BEACOM: The sponsor of the resolution is in entire accord with the amendment.

SENATOR BEN G. ONEAL (Texas): My understanding is that the Interstate Commission on Cooperation is to deal with the other states and is not authorized to deal with federal agencies as such. If I am incorrect I would be glad to have the author of the proposed amendment set me right.

JUDGE RICHARD HARTSHORNE (New Jersey): As chairman of the commission in New Jersey, which adopted the first act to which the Texas gentleman refers, I may assure him definitely that under that act we do have power to cooperate with the federal government.

SENATOR ONEAL: In our state we have set up agencies to deal directly with the federal government on flood control, in order to carry out the very purposes of flood control within the state of Texas. I am not going to make an objection, but I want it made clear that the state of Texas would not be able to set up such a commission.

SENATOR EMERSON CAMPBELL (Ohio): If this amendment were adopted certain states would require the creation of another committee. Ohio provides for five in the senate and five in the house and five to be appointed by the governor, but not all of the states have the same provision. For that reason, the adoption of this amendment might delay the action that is so badly needed.

In order to expedite matters I would propose that the amendment be not adopted.

EXECUTIVE DIRECTOR HENRY W. TOLL: It seems to me that if this amendment is adopted and the author of the resolution has indicated it is acceptable to him, you will have a resolution for which everyone can vote, as far as I can sense the sentiment, although, according to what the gentleman has just said, there may be some states which would not be able to act strictly in accordance with the recommendation and which might have to modify the suggested action to some extent to fit their peculiar needs. But if this resolution is defeated and the question comes up on the original motion, then that motion would

mean setting up a commission in every state in competition with the commissions on interstate coöperation. I fear that under those circumstances all of the delegates who are interested in the establishment of such commissions would feel constrained to vote against it; the gentleman would simply lose his entire resolution instead of getting something, which is substantially satisfactory and which could be modified in the case of the individual states where there are peculiar circumstances. Therefore, it seems to me that as a matter of conciliating the various interests, it would be advisable to accept the amendment and then pass the resolution in this form.

HON. THOMAS A. LOGUE (Pennsylvania): As to the right of some of the states which may not have commissions and are involved in this problem, may I say that three of our states, New York, New Jersey, and Pennsylvania, have commissions, whereas the state of Delaware has no commission, but just the same we received 100 per cent coöperation from the authorities of the state of Delaware.

As to the question raised by the gentleman from Texas on the score of federal coöperation, we have consulted with representatives of the federal government and the National Resources Board, while the United States army engineers have sent representatives who have sat in with us, and we have had 100 per cent coöperation from the agencies of the federal government which are concerned with the problem.

May I just add to the thoughts suggested by Senator Toll. The spirit and the merit of the resolution are beyond question. There cannot be any opposition to that. But are we not treading on dangerous ground, with the possibility of establishing a precedent, by trying to appoint a new commission every time an emergency arises?

Pennsylvania seconds the amendment offered by the senator from New Jersey and moves its adoption.

SENATOR BEACOM: Senator, is it not a fact that in Pennsylvania you have already established a commission of just the same nature that we are asking for in the other states, and have placed yourselves in the position to receive perhaps more coöperation from the federal government than West

Virginia, your neighbor state, which has not provided for a flood control commission? I understand that Pennsylvania is one of the two states that has set up, through Act No. 46, which I have here, a water power resources board for the control of floods in your state.

SENATOR LOGUE: Senator, that is entirely different. That is a separate act of the assembly dealing with the problems of another matter, not only the subject of flood control, but pollution, conservation, and any one of a number of different things.

SENATOR BEACOM: Yes, but the control of flood waters is also included in that.

SENATOR LOGUE: We are studying the general situation of the Delaware Valley.

SENATOR BEACOM: In other words, as I see it, Pennsylvania already has set up its commission to provide for the flood control problem. I told the gentleman from New Jersey that I would yield. I want to see this resolution passed so the people in the Ohio River watershed may know that we over here are willing to do our part in helping to preserve life and property. If it is necessary that we incorporate the amendment as offered by the delegate from New Jersey, I am agreeable, and I feel certain that the objections which have been voiced by other members of the Ohio River Basin will be put aside so that we may pass this resolution and show the people in our district that we are at least cognizant of the fact that they have flood waters to contend with every year.

HON. ELLWOOD J. TURNER (Pennsylvania): May I ask a question in order that there may be no misunderstanding? The gentleman referred to the act of Pennsylvania on flood control, giving the Water Power Resources Board certain power. That act was the result of the hysteria over the floods of last spring in Pennsylvania and the year before, and really it was passed before the Delaware River Basin Commission came into being. The difference, as I see it, is that in that act the state of Pennsylvania set up a commission and gave it certain powers in reference to flood control, while the commission that we have set up on the Delaware River Basin is an interstate coöperation commission to handle all of the problems on the Delaware River Basin.

If we try to set up some other commission to cross the lines of the Commission on Interstate Cooperation, then it seems to me we are tearing down that which we have tried to build up for the last several years.

HON. ERNEST L. AVERILL (Connecticut): Perhaps I might explain the situation a little bit as it refers to New England in the Connecticut River Valley. At the present time we have four states involved in an interstate question as to the Connecticut River. We have not as yet formed any compacts. Connecticut, at least up to the present time, has not this interstate cooperation commission which we are suggesting now. When Connecticut, Massachusetts, Vermont, and New Hampshire agree on some method of cooperation for flood control as a result of the present study, it may be that the matter will be turned over to the interstate cooperation commissions. If that is done we will get nowhere unless we have the power in that commission to arrange with the federal government for funds. If in the future that particular commission is going to function and receive any public money from the federal government, we must have some power of authorization. I think we should include in it at least the right to negotiate with the federal government for funds.

Suppose we in Connecticut, which is below the Massachusetts line, decide to do some flood control work of our own. Then we would have a special commission, because there would be the same situation which I understand exists in Pennsylvania, that of controlling water within Pennsylvania only, for which there is a special commission.

So you might have two commissions, one dealing with state waters, the other dealing with interstate waters, but both of them, if they receive federal funds, necessarily have authority to negotiate with the federal government.

The motion as amended was seconded and carried.

Upon motion by Mr. T. V. Smith, a resolution was adopted establishing a committee to promote interlevel cooperation.

SENATOR JACOB WEISS (Indiana): I hand you herewith the report of the Committee on Operations of the Commission

for Council Development of this Third Assembly of the Council of State Governments.

ATTORNEY-GENERAL JONES (Acting Clerk): The Committee on Operation of the Interstate Commission on Council Development recommends that there be established in every state a commission on interstate cooperation. (The word "commission" as used herein shall be taken to designate any group similar to existing commissions on interstate cooperation whose primary function shall be to act for the state in matters requiring interstate cooperation.) We urge the representatives attending this Third General Assembly from those states in which no commissions or committees on interstate cooperation have been established to endeavor to have adopted some plan for the creation of a commission on interstate cooperation, and for affiliation with the Council of State Governments.

For the accomplishment of this purpose, your committee suggests the adoption by each state of one of the several plans set forth herein below.

#### PLAN 1

The model statute creating a commission on interstate cooperation prepared by the Council of State Governments. See pages 49-50, Volume II, Book one.

#### PLAN 2

The houses of each legislature may each amend their rules so that there might be, in the permanent organization of each house, a standing committee to be known as the "Committee on Interstate Cooperation."

The respective houses may then together amend their joint rules so as to establish a joint legislative committee on interstate cooperation, consisting of the five members of each of the standing committees recommended in the preceding paragraph.

At each session of the legislature where this plan is adopted there should be introduced and passed a concurrent resolution setting up a committee on interstate cooperation to be comprised of the five members of the committee on interstate cooperation of each house and five state officials to be appointed by the governor.

As an alternative for the concurrent resolution a similar commission on interstate cooperation may be created at each session, by joint resolution, carrying with it an appropriate provision for funds to defray the cost of the functioning of such commission on interstate cooperation.

### PLAN 3

The legislature may establish a joint legislative committee of both houses to be known as the "Committee on Interstate Cooperation." Such joint committee should consist of five members of each house of the legislature, and such committees should invite the governor to designate five state officials to act on such committee in an advisory capacity.

"It is desirable that the Council of State Governments shall have a firm and permanent foundation, and, to that end, your committee recommends that there be established an Interstate Commission on Council Development of the Council of State Governments, membership in which shall consist of those states affiliated with the Council of State Governments by one of the methods described in the succeeding paragraphs. It is recommended that the president set a date within the calendar year for a meeting of such Commission on Council Development at Chicago, Illinois.

It is recommended that the membership of the Interstate Commission on Council Development shall consist of not more than three members from each state, who should be, respectively, a member of the senate, a member of the house, and a state official, whose duties include the handling of fiscal affairs within the state or the recommendations for the appropriation of money by such state.

In states where commissions on interstate cooperation exist, members shall be appointed by the chairmen of such commissions.

In other states, where there are no commissions on interstate cooperation or similar agencies, but where there may be house and senate committees, the senate member should be the chairman of the senate committee on interstate cooperation, or a member of such committee designated by him. The house member should be the chairman of the house committee on interstate co-

operation, or a member of such committee designated by him. The state official representing the executive department should be appointed by the governor.

It is recommended that in those states having unicameral legislatures the two legislative members should be designated by the chairmen of the committees on interstate cooperation.

In those states where there is no membership from the executive department on the committee or commission on interstate cooperation, the delegates should be appointed by the chairman of such committee or commission.

In those states where a legislative committee on interstate cooperation exists, and where the executive representation is advisory, the delegates to the commission on council development should be appointed by the chairman. And it is further suggested that representation from such states consist of members of both houses and of the executive department.

In those states where there are no commissions or committees on interstate cooperation, one representative shall be designated by the presiding officer of the senate, one by the presiding officer of the house, and one by the governor.

The following resolution was moved, seconded, and carried:

For the purpose of making clear the recognized need for actual participation in the management and organization of the Council of State Governments by each of the constituent members,

WE MOVE, that there be and is hereby created a commission on council development of the Council of State Governments.

AND WE FURTHER MOVE, that the president, before adjournment of this Third General Assembly of the Council of State Governments, set a date within thirty (30) days for a meeting of such Commission on Development of the Council of State Governments at Chicago, Illinois, and that the designation of delegates and representatives be made as recommended by your committee on operations of the Commission on Council Development of this Third General Assembly of the Council of State Governments.

The adoption of the report was moved, seconded and unanimously carried.

EXECUTIVE DIRECTOR TOLL: I believe that attention should be called to the effect of the resolution which you have just passed without debate. I hope everyone realizes that the action just taken means that a meeting of the Commission on Council Development shall be held in Chicago within the next thirty days.

If I understand correctly, the effect of the resolution is that the Commission will consist of not more than three members from each of the states which have established commissions or legislative committees on interstate cooperation; that to this meeting each of the other states also will be invited to send not more than three members; and that this meeting shall be devoted exclusively to the question of developing policies with regard to council organization (policies, for instance, with regard to whether or not it is important to have uniformity among these different commissions and committees; whether it should be decided that uniformity is important; and whether the act now current would be continued or whether there would be amendments made in it). At this meeting there would be discussion of the question of the advisability of establishing district secretariats in each of the eleven districts in which we are tentatively operating; the question as to whether these should be the eleven districts; the question as to the financing of the various state commissions; the question as to the financing of the joint services of the commissions involved in the central secretariat of the Council; the work of the Interstate Commission on Crime, the Interstate Commission on Taxation, the Interstate Commission on Social Security, the Interstate Commission on Council Development itself; the question as to the financing of work undertaken by the Council at the request of the National Association of Attorney-Generals, the National Association of the Secretaries of State, and the American Legislators' Association; and such work as the council is performing in the preparation of bulletins for the Governors' Conference. In other words, as the chairman stated, this would be virtually a constitutional convention.

As one of the members said, the results of such a meeting would be a general shifting of authority with an increasing amount of decision on the part of the governmental officials in the states and a decreasing amount of authority and responsibility on the part of the staff.

It is my position that the Council of State Governments does not partake of the character of an association. It is a part of the governmental machinery of the United States. The Port Authority of New York, for instance, which is set up jointly by New York State and New Jersey, is not a part of the government of New York nor a part of the government of New Jersey. Nevertheless, it is a governmental agency, and so the Council of State Governments, set up at the present time by seventeen states, is a joint agency of government. The earmarks of government are that an agency is established by legislative action, manned by governmental officials, engaged exclusively upon work of government, and financed in whole or in part by governmental appropriations.

The Council of State Governments has all of these characteristics; it is a part of the governmental machinery. We are supplying missing parts, parts which were missing in the machinery provided by the Constitution of the United States on account of the fact that such parts were not needed at the time of the adoption of the Constitution.

HON. JOSEPH C. PAUL (New Jersey): As a member of this committee may I say that we discussed all the points raised by Senator Toll, and we appreciate that this is a very important meeting to be held in Chicago. We felt that if the council were to be developed, it should be done now, because some of the states are in session and will adjourn for two years. If we go to Chicago we will take back something tangible to give the legislatures, a law or bill or resolution, and for that reason the committee was of the opinion that it should be done within thirty days.

HON. HAROLD C. OSTERTAG (New York): I think the purpose and intent of the committee in its report and in that resolution were primarily to sell the importance and the value of interstate cooperation; to aid in developing state

representation and participation, and in creating regional offices and regional districts; and last but not least to clarify and put on a firm and permanent foundation

the organization of the Council of State Governments.

A recess was taken at 4:30 p. m.

## SATURDAY MORNING SESSION

*January 23, 1937*

THE meeting was called to order at 9:30 A.M. by Senator Earle S. Warner, New York, after which President McNutt took the chair.

PRESIDENT McNUTT: I will present General Nagle, who will outline the report of the attorney-generals.

MR. RAYMOND NAGLE: General Clyde Chapman, the president of the National Association of Attorney-Generals, at the last moment found he could not come. I happen to be familiar with the situation and can relate to you the most important activities of the association.

Whether it is realized or not, the opinions of the attorney-generals have an extremely important part in state management. They are purely advisory, but because so many problems never reach the court they do have an important part in the state policy.

Until now there never has been any method of an interchange of opinions between the attorney-generals of the different states.

At this time an exchange of opinions is becoming increasingly important, because, in the field of social security and in all of the fields into which the United States Government has entered in cooperation and collaboration with governments of the states, new problems have arisen.

A project has been commenced, with the collaboration of the Association of Attorney-Generals and the Council of State Governments, the purpose of which is to supply regularly and frequently a digest of the opinions of the several attorney-generals upon current matters. Bulletins, perhaps weekly, perhaps monthly, comprised of opinions promulgated by attorney-generals throughout the United States dur-

ing the preceding week or month will be sent regularly to all attorney-generals. These will be in digest form, and a cumulative index will be provided.

PRESIDENT McNUTT: I will ask Judge Richard Hartshorne to continue the discussion on the activities of Incocrime.

JUDGE RICHARD HARTSHORNE (New Jersey): Due to the press of time yesterday I barely alluded to the fact that the four-point legislative program which we were urging throughout the entire country was but one-half of the work which the commission has in hand. In addition to that work the commission went on record in favor of certain definite administrative criminal regulations such as criminal identification and fingerprint bureaus and local or state scientific means of crime detection.

It further urged the widespread and the connected use of police radio and teletype systems. In the metropolitan districts in and around New York, New Jersey, and Pennsylvania the use of police radio is making a great difference in preventing crime as well as in apprehending the criminal. I know personally of many cases where, due solely to the existence of the police radio, burglars and others have actually been caught at their work.

In the next place, the commission members are not engaged simply in pressing these perfected methods; they are engaged in studying methods not yet perfected in order to perfect them and present them to you for action. They are engaged in the study, for instance, of that very difficult and dangerous subject of firearms in the hands of criminals. You know from the papers that there is practically no planned crime of violence which occurs without the use of firearms, either the actual discharge

of, or the readiness of, firearms. Control over possession of firearms by criminals is essential. It is made difficult by our state lines, and that is why it is particularly a matter for the consideration of the Interstate Commission on Crime.

The trouble, at present, is that not merely are the state laws insufficient, but the federal law is insufficient.

Some years ago Congress held a series of hearings on the control of firearms and their passage in interstate commerce. It ultimately resulted in enacting a law which prohibited only their passage through the mails. As a result, firearms are now transmitted lawfully from state to state by express, by personal carriage, or any other way except through the mails.

Two recent decisions of the United States Supreme Court, one holding valid the Ashurst-Sumners Act to control goods produced by convict labor, and the shortly previous decision holding valid the Hawes-Cooper Act similarly covering convict labor, give a very fine indication of how the authority of the federal government can be used in support of the authority of the state governments to control this illicit trade in firearms from state to state. When we have the trade put under control within the state and then controlled from state to state, we can be sure that you and I can walk abroad at night without the danger of having a pistol stuck in our backs.

The other lines of study which the Interstate Commission on Crime has been pursuing have been sound motion-picture identification of criminals, the identification of motor vehicles, and the great problem of crime prevention. Those studies are not yet completed.

PRESIDENT McNUTT: We have as our guest this morning one who has contributed greatly during these last four years to the solution of one of the most vital of our national problems. It is with great pleasure that I present to you Secretary of Agriculture, Hon. Henry A. Wallace, who will discuss the possibilities of coöperation between the state governments and the United States Department of Agriculture. Secretary Wallace.

HON. HENRY A. WALLACE: This opportunity to speak to the Council of State Governments is one which I welcome. I

want to talk over with you some aspects of that part of our agricultural program which will undoubtedly receive increasing emphasis during the next few years, and therefore will directly concern both yourselves and those of us connected with the national administration. This newer phase of agricultural development is the general rehabilitation of that growing part of our farm population which, during the past, has been submerged in poverty and chained by the handicaps of poor land, excessive debt, and insecurity in the occupancy of their homes.

The million or more farm families who have come to the Resettlement Administration and other agencies for aid consist, to a certain extent, of those who, as a direct result of the depression, had lost their farms and means of livelihood. But even more significant than this group of depression victims were those whose poverty represented the result of a generation or more of limited opportunity and social handicap. Their condition revealed the existence of long-time undermining forces in American agriculture, a corrosion of our rural life at its very roots.

Some of the families represented in this group are those who still occupy worn-out tracts of farm land. Their present deplorable condition tells the story of decades of wasteful land use. Another group, the number of which was greatly increased by recent drought, is composed of those who settled on dry lands under circumstances which made successful farming almost impossible. Finally, there are those who have suffered from our land tenure system with its speculation and increasing insecurity.

The United States Department of Agriculture, in coöperation with the several states, has long tried to serve American farmers. Through the various bureaus and experimental stations in all parts of the nation, it has developed new ways of farming and improved old ones. The Farm Credit System has reduced interest rates.

But valuable as this work has been to farmers, the benefits of research and education have served only a part of our farmers. Its help to the top third of our farm population has been tremendous; its help to the rest of our farmers has been small.

We are accustomed to think of our farm population as the stable backbone of our nation. Most of our great leaders have come from farm homes. But while we have been indulging in romantic thinking about the beauties of a farm background, the actual picture of our farm life has acquired some grimly unpleasant aspects. The rural civilization which we imagined existed has been undermined by waste and mismanagement. While we are proceeding with a program of security for industrial workers, security is gradually declining among the farm population.

#### SECURITY OF TENURE

The problem of increased security of farm tenure and better land use is national. But because the problem is national does not mean that it is not also a matter for local and state concern. In any of these programs dealing directly with human lives and methods of work, the possibilities of federal action are limited by our Constitution and governmental tradition. If the program is to succeed, it will require the closest coöperation between the states and the federal government.

Right now there is particular interest being displayed in the problem of farm tenancy. In part this is due to the fact that the President has appointed a national committee to report to him on methods of dealing with the farm tenant problem. This committee is now engaged in studying the tenant problem and drawing up its recommendations for action.

We have always considered the United States as a land of independent home owners. Such was undoubtedly the concept of the founding fathers. But as we look back upon the history of our land settlement, we see that instead of a growing community of farm-owner operators, we have produced a growing community of tenants. Today less than half of our farmers own all the land they operate. About 42 per cent of our farmers own no land at all.

As you all recognize, the basic problem of farm tenancy is that of insecurity. It is insecurity of tenure that creates a shifting tenant population, undermining rural institutions. It is the insecurity of tenure that prevents tenants from taking an in-

terest in soil conservation and leads them to skim off the topsoil in an attempt to get as much as possible out of their land in the shortest time. The institution of tenancy itself is not an essentially bad thing. If we can introduce an element of security into our tenant system, we will go far toward solving the basic problem that now causes justifiable alarm. Some of you may know that Great Britain has met its problem of farm tenancy in just this way. Tenancy in that country has been transformed from an institution of exploitation and insecurity to one of permanence and economic stability, by the passage of legislation governing the contractual relations of landlords and tenants.

In any attempt to create a better tenant-farming system in the United States, the states themselves will have to take the most prominent part. Regulation of landlord-tenant relationships is outside the scope of federal action. But the states can do a great deal; in fact the opportunity for an effective solution of our farm tenant problem through improvement of landlord-tenant relations is perhaps the greatest of all. State action to improve tenancy can reach all tenants and can be accomplished with relative rapidity, as compared to the gradual process of financing tenant farmers year by year. In such legislation a dual objective must be set up and adhered to strongly. Farm tenure should first provide security to both the landlord and tenant, and, second, it should be firmly linked with the conservation of natural resources. Many plans have already been widely discussed in this nation and abroad as to how such objectives can best be translated into legislation. In a sense both these objectives go hand in hand. If the tenant feels secure, and is confident that his constructive work will redound to his own benefit, he will, in the vast majority of cases, practice conservation of soil. And when the tenant has adopted a program of soil conservation and farm improvement, it will be reflected in additional security for the landlord.

One of the obvious methods whereby tenants can be made to feel secure is to provide for better leasing provisions in so far as the term of lease is concerned. Our farm leases, as a rule, run for one year only,

and the American tenant farmer moves on an average of once every three or four years. There is little security in that system. But if leases were to be drawn up with some provision for automatic renewal, then a large measure of security would be introduced. State legislation could do much to bring about this greater security by requiring the landlord to give a year's notice of intention to terminate the lease, or else by compensating the tenant for losses incurred in having to move on short notice. Tenants would then be enabled to plan their operations in two periods at least.

Closely linked to this subject is that of proper compensation to tenants for improvements which they make and leave on a farm. Lack of such compensation naturally discourages effort to improve the land. Legislation could require the just compensation of the tenant for improvements in soil fertility, building, or of any other nature, when left behind by a tenant leaving his farm.

In passing, I should like to mention the need for written leases with farm tenants as a means of establishing a clear understanding of the terms, and as a definite protection to both the landlord and the tenant. In connection with its rehabilitation program, the Resettlement Administration of the Department of Agriculture has attempted to secure written leases for its loan clients, and has found that such a system is both workable and helpful. It would also seem desirable to have some convenient means established for settling disputes between landlords and tenants in connection with these leases.

#### FARMER MORALE

Any program to help tenants become farm owners runs into tremendous human problems. Some tenant farmers, particularly in the poorest farming sections, may not have the ability to become farm owners at once. That is an additional reason for improving the tenant system, so that it can be freed of its undesirable aspects and yet retained as an opportunity for those who either cannot or prefer not to become owners. In any case, if these families are to reach independent self-support, the process will have to be a gradual one. No

hurry up process will answer the need. Education and guidance will have to go hand in hand with financial help.

Hundreds of thousands of farm families are being helped to take the first step from poverty and distress to independence and a comfortable standard of living. According to an informal report, which I received the other day, about 25,000 farm families, who had started as relief clients, now have the necessary capital and knowledge to run their own affairs independent of further support. In other words, rural resettlement now has 25,000 graduates. At the same time, I take particular pleasure in the knowledge that several hundred thousand additional families are on their way toward complete rehabilitation. It is far more significant to raise several hundred thousand families a few degrees, and place them in an upward instead of a downward progress, than it is completely to rehabilitate a small percentage.

In this work a maximum of local cooperation is sought. Committees of local leaders are asked to consult with the county supervisors, and to give their advice as to the character of those farmers who apply for loans—for rehabilitation loans are in reality "character loans." I believe that this type of local cooperation is essential in a general program to raise the standard of living of these most-handicapped farm people.

It has frequently been said that many poor farmers in the United States do not have the necessary energy or intelligence to manage even their own affairs. Of course there are such people. We have found them in our rural rehabilitation program. The problem of how to handle them satisfactorily remains to be solved. But our experience with several hundred thousand families reveals that this is by no means the whole story. Very often we have found that families considered to be of "no account" were in reality suffering from pellagra or some other disease, and that after they had obtained some medical care and learned how to provide a better diet for themselves their native human energy and intelligence began to function again. In other cases, families have been burdened by an economic system that has kept them perpetually in debt at a high

rate of interest. That the condition of these people is not usually a matter of deficient character can be shown by the results of a little dose of economic independence, decent food, and some educational guidance.

#### LAND USE

The success of any program of agricultural improvement depends, in the long run, on the wise use of land. A large portion of our present rural poverty and backwardness comes from unwise methods of land use, and unless we have good land well used, no program for raising the rural standard of living can hope to attain its goal. What is more, poverty on our farms will continue to grow and undermine the constructive work which we are attempting, unless better land-use principles are put into practice.

Under various agencies, the federal government is vigorously attacking this third cause of rural poverty and depression. The soil conservation service is helping farmers protect their land from rain and wind. Through the agricultural conservation program much of our crop land is being devoted to building up the soil. Through a land-use planning program we have been able to get the first real summary of our land resources. We have been able to locate the problem areas and the nature of the bad practices which must be corrected. Finally, we have undertaken to carry out specific adjustments in land use in our marginal areas, by the purchase of some 9,000,000 acres of land unsuited to farming, but adapted to some other constructive use. The complete task is gigantic. We have as yet made only a beginning. In this land-use program, the cooperation of your state governments is also essential.

One cannot get away from the fact that the question of constructive or destructive use of land depends upon the people in whose care that land lies. In the United States we have, through a century, and a half of our history, produced a new idea of land ownership, as expressed by the title to land in fee simple absolute. Our farmers, our speculators, and other land owners obtained with their land the right to use and abuse the land as they saw fit. With a thoughtlessness born of the rich

plenty of our resources we have lost a sense of the deep responsibility toward the nation and the race that goes with ownership of the soil. Had we not lost that we would not now be suffering from the disastrous consequences of waste which are so evident on all sides. The basic need in our land policy today is to re-establish a social responsibility in the use of land, recognizing that no single individual has the right to destroy what must be the source of livelihood for succeeding generations. The federal government cannot legislate responsibility into the minds of our people. The only way to cultivate responsibility is to grant it and teach it. That is why our problem of land use goes right back to the people on the land and to their local governmental agencies.

As an illustration of this fact, let me refer to the problem of soil erosion. The federal government and its cooperating agencies in the states may indicate ways by which private landowners can terrace and list their land so that the soil will stay in its proper place. But this program is powerless in the face of irresponsible land ownership that will not take the trouble to care for its soil. To tackle that problem, which those of you from the plains states will recognize as of vital importance, to the protection of whole local areas, direct local action is necessary.

In this connection I should like to call to your particular attention the Standard State Soil Conservation Districts Law which has been drawn up in the Department of Agriculture at the request of numerous state agencies. The statute under which the federal soil conservation service operates, authorizes the Secretary of Agriculture to require adoption of state laws for the control of soil erosion as a condition to the expenditure of federal funds for that purpose within the states. It has been, moreover, our frequently stated policy that after July 1, 1937, no new soil conservation projects shall be established in any state which by that time had not passed such legislation. The Standard State Soil Conservation Districts Law is the type of legislation which is believed to be capable of achieving the necessary results.

By this model law, local agencies, called "soil conservation districts," are set up and

empowered, first, to carry out soil conservation projects, including assistance to private landowners, and, second, to enact regulations governing the use of private land in so far as they may be necessary to secure proper conservation of the soil.

Because its policy is to make possible the direct exercise of responsible local authority, the Standard State Soil Conservation Districts Law embodies a thoroughly democratic process. Soil conservation districts can be established only after a majority of the land occupiers in the area have voted favorably in a public referendum. Control over the districts is vested in a board consisting both of experts, assigned by the state, and of local citizens representing the community wherein its work is to be carried out. No land-use regulation proposed by this board can become law except after a favorable majority vote of local farmers.

Throughout the United States economic change, the depletion of soil, grass or forest, or other malpractices in land use, have destroyed the producing power of large areas of land. Owners of such tracts, rather than keep up payment of taxes, have allowed the land to go into public ownership. Many of you know the serious consequences of tax delinquency, particularly in states where land taxation provides a major part of the revenue for local government. On the one hand, counties and states are embarrassed by the loss of tax revenue, and are forced to lay additional levies as further burdens on hard-pressed taxpayers. On the other hand, there is this large amount of tax reverted and tax delinquent land which the counties and states rarely use to any constructive purpose.

Much of this tax delinquency is concentrated on lands that have been wrongly used. So long as it remains in poor use, it will fail to produce tax revenue. It has been usual in dealing with tax reverted land, for the county or state to attempt to sell it back into private ownership as quickly as possible. In cases where the land is of sufficiently good quality to support a family, this procedure has its good points. But we must face the truth that large amounts of land, unsuited to crop farming, are being turned over to new families by

tax sales. In effect, this means that the state or county is encouraging a wrong use of land, aiding a family to waste its capital, and contributing nothing toward the solution of the tax delinquency problem. Furthermore, this process is breeding the very type of rural poverty against which we are striving. If we help impoverished families move off poor land to better farms, we cannot tolerate a system which is encouraging others to get into the same troubles that we are trying to abolish.

If we are to know how to use our land, we must first know more about its present condition, and obtain a clearer understanding of all the possible uses the land may have. We have often undertaken studies of our land from one viewpoint alone: we have explored its soil types, mapped its topography, and noted its natural cover. But we are only now beginning to get together *all* the facts about a given area of land—soil, climate, productive capacity, water—and balance them against each other to see what purposes the land can best serve. That kind of exhaustion study of course cannot be done all at once. It will take many years, and it will demand again the cooperation of all our governmental agencies. But if we are to know what our land is really good for, and what the causes for present waste and depreciation are, we must obtain a more intensive knowledge of the economic and physical resources of our land.

Even from this summary it is clear, I believe, that the programs for better land use, for security of farm tenure, and for human rehabilitation cover a vast field. We cannot hope for a stable civilization in town or country unless these problems are solved. The goal is threefold—security, conservation and higher living standards. It is a goal that is worthy of our united efforts.

PRESIDENT McNUTT: We have as our guest one who has manifested great interest in the activities of the Council of State Governments, the chairman of the advisory board of that committee, Hon. Frederic A. Delano. With great pleasure I present Mr. Delano.

HON. FREDERIC A. DELANO: During the last few years a new channel for improved understanding and better rela-

tions between the federal government and the states has been developed. The establishment of forty-seven state planning boards, a number of regional planning agencies, and the National Resources Committee in Washington provides planning agencies at each level of government. The National Resources Committee, as the temporary federal planning agency, has sought to encourage decentralization of planning activity, and has succeeded beyond its expectations in interesting the states in this important work.

Prior to 1933 there were few examples in this country of state-wide planning work. Under Governor Smith, in New York, a picture of state resources and land problems of the Empire State was prepared in 1925. In Wisconsin and Iowa a movement was under way for planning of conservation programs and for encouragement of local and county planning. Now, thirty-five states have passed legislation to put state planning on a continuing basis, and in most of the remaining states planning work is going forward under temporary boards established by the several governors pending action by their state legislatures.

Now, what does all this new interest in planning mean? I think it has come from a new appreciation of the necessity for facts and research as a basis for a "forward policy." There is no doubt that the interest of the administration in Washington in land, water, and conservation problems, and the stimulation of public works programs have played a large part, but a larger significance attaches to the movement when the reports and programs of the various state planning boards are examined.

Almost every state planning board during the last two or three years has developed new material or a new picture of the state with which it is concerned—a picture showing the type of people who live there, their probable migration into, out of, and inside the state; their problems of subsistence, income, health; in brief, how they live. The state planning boards have examined the physical resources of the states—land, water, minerals, problems of better management of their forests, provision of recreational facilities, and the best use of agricultural lands. They have all made some progress in the study of their trans-

portation problems, particularly the better integration of their highway systems with other methods of transportation by air, rail, or water. All of the state planning boards have attacked the problem of long-time budgeting of their construction activities, and many of them are right now engaged on an inventory of desirable public works in the preparation of a six-year program.

Studies of these resources and possibilities for the future of the states have led inevitably to and beyond state boundary lines. Political boundaries are artificial barriers when it comes to planning the better use of our resources. We must deal with groups of states, and, in many cases, a different combination or group for each problem. There has thus sprung up a series of regional or interstate planning movements—partly in cooperation with this Council of State Governments and the interstate committees on cooperation (as in the case of the Delaware River), and partly by direct action of the National Resources Committee and the various state planning agencies. Some of the more notable examples of these efforts are in the Pacific-Northwest, New England, the Ohio Valley, the Upper Rio Grande, and the Red River of the north. A special case of carrying on the same kind of work which was done in the New York, Philadelphia, and similar urban centers, has been revived in Metropolitan St. Louis. These regional planning boards, like the state agencies, are purely advisory and have concentrated their efforts on presenting the problem with alternative plans for solution of the more pressing situations.

For all this work on state planning, the National Resources Committee and its predecessors have been able to provide material assistance. We have assigned consultants or advisers to qualified state planning agencies, and, through the cooperation of the Civil Works Administration and more recently of the Works Progress Administration, have acted as co-sponsor for a staff project through which relief workers are assigned for clerical, drafting, and statistical work in state planning offices. We hope and believe that through this assistance demonstration has been made of the value of advisory planning agencies,

and that the consultants have provided useful interchange of experience and ideas between the states and the federal authorities. How long this kind of federal assistance can be continued is, of course, problematical. If the demonstration has been convincing, presumably the various state legislatures now meeting will provide more adequate appropriations for the continuation of state planning work. For the National Resources Committee, I can say that we hope a method may be found for the continuance, at federal expense, of the consulting services which the federal government has provided in the past.

The National Resources Committee has steadfastly advocated decentralized planning activity. We firmly believe that participation by local interests and by the states in the formulation of policies for the improvement of living and working conditions in the states is a matter on which local opinion and local points of view should have a preponderant influence. We have said to the states: "You have made a balance sheet of your resources and liabilities; you have pondered your problems. What do you think the answer is, and what is the best way to proceed?"

The state planning boards can serve as a general staff for the governors and legislatures of the state government. The President has recommended a corresponding organization in a permanent National Resources Board reporting directly to the White House. It is not, of course, always true that what is good organization in the federal government is necessarily good organization in the states, but in this case it is true that the states, perhaps even more than the federal government, need an advisory planning staff closely attached to the administrative offices of the state government.

I look forward to the increased usefulness of state and regional planning agencies, and to the development of further cordial working relations between these state planning bodies and a permanent national resources board in Washington. These state boards can serve a most useful purpose as a clearing house and connecting link between the large number of federal bureaus dealing with an equally large number and variety of state officials. Here is a new

tool for better correlation of state and federal activities.

In closing, let me call attention to the fact that only a few of the states of our Union have attempted to state in figures their balance sheet of resources and liabilities, and yet we all know that some of their natural resources are being consumed and are not recoverable while other resources can be preserved by intelligent methods.

Among the vanishing or destructible resources we can enumerate are coal, iron, ore, oil, and gas, not to mention many others. Among the resources which may be preserved by intelligent methods are the fertility of our soil and its productivity, the rebuilding of our forests, the protection of our streams from pollution, the preservation of our wild life, and, finally, the conservation of our play spaces and points of historic interest.

A corporation is usually required to make an accurate balance sheet of statement of its resources and liabilities, and such a statement is the basis of its credit. By the same token, I venture to say that it should be required of our states and our federal government.

PRESIDENT McNUTT: The next matter to be considered is the demonstrated possibilities of commissions on interstate cooperation. First, the individual commission. Hon. Harold C. Ostertag is chairman of the New York Joint Legislative Committee on Interstate Cooperation.

HON. HAROLD C. OSTERTAG: The New York Committee on Interstate Cooperation devoted a part of its time this year to seeking to perfect, at least in New York, the internal machinery of the commission. We still feel that a great part of the work of these instrumentalities for interstate action is exploratory. We could almost generalize and say that every field of intrastate action has as a concomitant ramification an interstate problem. Consequently, we divided our joint committee into subcommittees, each charged with the exploration of a particular subject with a view toward ultimate action. From a glance at the subjects handled by these subcommittees, you will be able to picture clearly the scope of the work of the commissions on interstate cooperation in the eastern region: crime; Delaware River Basin and water resources;

highway safety and motor vehicle regulation; parks; social security; conservation; transient relief and settlement laws; mills control and agriculture; labor compacts; tax compacts; liquor control; banking; real estate reorganizations and securities; and insurance.

### CRIME

Last year the New York joint committee was able to secure the passage of all four measures recommended by the Interstate Commission on Crime, and we feel sure that we shall succeed this year in securing the adoption of any new recommendation of that body.

### NATURAL RESOURCES

There is no need to review here the establishment upon the part of these states (New York, New Jersey, and Pennsylvania) and of the state of Delaware of the Interstate Commission on the Delaware River Basin. Nor is there any need to mention the formation, through compact, by New Jersey, Connecticut, and New York of the Interstate Sanitation Commission to deal with the pollution of the waters in and about New York Harbor. However, the New York committee feels that the methods used in these cases could well be applied to the related problems of pollution and flood control—in short, the effective utilization of the water resources of the Ohio and Allegheny rivers. The Interstate Commission on the Delaware River Basin may well be the forerunner of other like bodies. Its evolution as it passes through various stages of development will provide a chart and a program for those that may follow.

### HIGHWAY SAFETY

In January of 1936 the New York Joint Legislative Committee on Interstate Cooperation held a regional Highway Safety Conference in New York City, at which the representatives of nine states were in attendance: Connecticut, Massachusetts, Ohio, Rhode Island, New Jersey, New York, Pennsylvania, New Hampshire, and Vermont.

This conference recommended the adoption by the participating states of legislation which would require: (1) compul-

sory instruction in the schools; (2) reciprocal reporting of motor vehicle violations; and (3) compulsory fingerprinting of all motor vehicle operators.

The bill requiring compulsory education in high schools was introduced too late for passage in New York, but its introduction aided in the extension of safety education generally.

The bill requiring reciprocal reporting of motor vehicle violations was adopted. This act requires the exchange between the states of records of convictions for violations of motor vehicle laws and the record of the forfeiture of bonds or collateral for such violations.

We recommend these two statutes for consideration by the other states represented here.

The New York committee was authorized by the Highway Conference to continue the studies on the highway safety problem in its interstate phase. We are planning to call a conference some time during the month of February to consider, among other things: (1) uniformity of equipment requirements; (2) compulsory automobile insurance and its interstate ramifications; (3) uniform speed law for the states in the region, or rather agreement so far as possible as to what constitutes excessive speeding; (4) traffic signals and sign uniformity in accordance with the codes already projected; (5) uniform and compulsory periods of inspection for motor vehicles, although we feel that this might be limited to inspections of chronic violators; and (6) uniform weights and dimensions of buses and trucks, although consideration of this problem will probably be delayed by the assumption of authority by the Interstate Commerce Commission.

### LIQUOR CONTROL

In an effort to solve at least some of the problems in the field of liquor control which occur at the state line, New Jersey and New York joined in calling a regional meeting on the subject on November 21, 1936. At this conference representatives of Connecticut, Massachusetts, New Jersey, New York, Pennsylvania, and Rhode Island discussed such points of conflict as importation limits, warehouse receipts, labelling, and licensing. Drafts of uniform bills generally accepted

at this conference will be considered by a subcommittee which will meet here tomorrow and include: (1) uniform act authorizing the importation of limited quantities of alcoholic beverages for personal consumption; (2) uniform act prohibiting the sale of liquor warehouse receipts except pursuant to license issued by the state liquor authority; (3) uniform act to authorize the state liquor authority to adopt labelling regulations.

I hesitate to try to review the work of our subcommittees in all these fields. In some as yet we have not reached conclusions definite enough to be presented here. However, New York will call a regional conference on interstate conservation problems during the month of February. One of the leading problems to be discussed at this conference is the saving of the cisco and other fisheries of Lake Erie. In preparation for the event, the New York committee has requested the introduction and passage of a federal act giving congressional consent to a compact among the states and between states and "contiguous sovereignties, dominions and states or provinces thereof" for the conservation of wild life resources. At the conference we hope also to discuss shad fisheries, uniform bag limits, reciprocal licenses, and a host of other interstate problems in the realm of conservation.

In the field of banking the subcommittee is preparing for a banking conference next year in which we will present for consideration: (1) an act providing for uniform capitalization requirements, following the standards set by the Federal Deposit Insurance Corporation; (2) a possible act for uniform interest requirements, and other legislation dealing with the interstate problems of banking. We do take occasion to point out the danger inherent in the chartering by the Federal Deposit Insurance Corporation of state home-owners loan associations with lower requirements than similar state organizations, and the possibility of federal legislation permitting national banks to extend their activities across state lines into trade areas.

Similarly in the field of securities and real estate reorganization our subcommittee, in a series of meetings, points out that there will be need for state legislation in

the instance of the issuance of securities having an aggregate offering price to the public of less than \$100,000. In such a case the Securities and Exchange Commission has no authority, nor is it likely to receive such authority. We tentatively suggest: (1) a uniform bill governing real estate reorganizations; (2) a uniform bill regulating the insurance of securities; (3) legislation designed to control securities having an aggregate offering price of less than \$100,000 in interstate transactions.

These are merely some of the fruits of the experiment your honorable bodies authorized two years ago. From the effort in this region have resulted the interstate commissions which have reported at this assembly. During this assembly you have established the Interstate Commission on Council Development, which is to become the agency for establishing more commissions on interstate cooperation. We of the eastern region breathe a fervent prayer that you will be successful in establishing commissions on interstate cooperation in every state of the Union, integrated by a host of regional offices. Then cooperation among the states will become a fact.

New York has tried. New York realizes the value and the endeavor of interstate cooperation.

PRESIDENT McNUTT: The activities of the regional group of commissions will be discussed by the Hon. Thomas A. Logue of Pennsylvania, chairman of the Interstate Commission on the Delaware River Basin.

HON. THOMAS A. LOGUE: The brief report which I am to present to you, covering the activities and the objectives of the Interstate Commission on the Delaware River Basin, pertains to a region which includes portions of only four states—New York, New Jersey, Pennsylvania, and Delaware. It includes, statistically, an area of some 12,000 square miles, and a population of approximately 5,000,000 people.

#### THE PROBLEM

The use of the Delaware River and its tributaries as a present and future source of water supply has been, and remains, a vital problem. Closely connected with the need for maintaining a large, potable source of water supply is the problem of protecting

that supply—abating and preventing pollution.

Other converging water use problems: recreation, navigation, power development, agriculture and forestry, conservation, flood protection, fish and game preservation, industrial use, real estate and property interests—all are closely interrelated.

#### JOINT RESPONSIBILITY

Just as there has been an awakening as to the necessity of planning for the conservation and development of the physical resources within the basin, so has there been a much more recent, but remarkably accelerated, realization that the protection and the enjoyment of the natural resources of the Delaware River Basin is no longer the responsibility of the individual states and their local communities. What were once independent problems now affect a wide variety of interests and communities.

The political, legal, and administrative difficulties which are involved in considering a planned approach to the problems of an area which lies within four states and which embraces hundreds of local governmental units are obvious.

#### ORGANIZATION

At a conference called April 3, 1936, it was deemed advisable to create the Interstate Commission on the Delaware River Basin, known hereafter in this report, for purposes of brevity, as "Incodel." That commission was to be composed of four members from each of the four states, to be designated by each state's commission on interstate cooperation. Each of these four state members—one, a member of the senate, one, a member of the house of representatives, one, an administrative official of the state government, and one, a member or executive of the state planning board—was to serve for a term of two years, provided that, during that period, each retained his status as a member of his state's commission on interstate cooperation.

It was also decided that the regional representative of the Council of State Governments should serve as secretary-treasurer of the interstate commission, and, further, that a formal request be made to

the federal government, through the National Resources Committee, for securing its cooperation in the development of this enterprise.

#### OPERATION

The commission was then formed in line with its articles of organization; an office was established in Philadelphia, and the services and expenses of a secretary were furnished to Incodel as a donation by the Council of State Governments.

At this time, also, the National Resources Committee undertook a nation-wide study of the problem of water resources through the assignment, to the major drainage basins, of consultants and coordinating agents for the various regions in the country. A consultant was accordingly appointed to collect, assimilate, and analyze material concerning the Delaware River Basin. Headquarters and secretarial services were made available to this technical expert in the Philadelphia office of Incodel.

#### REGIONAL CONFERENCE

On June 22, another meeting of the commission was held in Philadelphia, for the purpose of discussing what steps should next be taken in the development of a program. As a result of this meeting invitations were issued for a regional conference to be held on October 2-3, 1936, in the Delaware Water Gap region.

Out of this meeting which, in many respects, marked the high point of our efforts during the past six months, there developed a crystallization of opinion as to the interests and responsibilities of each of the four states, of the federal government, and of the local units within the basin, as to our related water problems. Approximately three hundred delegates participated in general and sectional meetings, out of which constructive suggestions, in the form of recommendations to Incodel, were developed.

#### COMMITTEE ORGANIZATION

To organize itself more effectively in its consideration of these recommendations, the commission next proposed to subdivide itself again into committee groups. A proposed committee organization and work

program was devised and the members of the commission gathered again on December 11, in Trenton, New Jersey, to act upon the proposed plan. Six standing committees were established to consider, in detail, and report back to the larger group, on the following phases of the water resources problem in the Delaware River Basin: planning; engineering; legislation; financing; federal cooperation; and public cooperation. These committees have been appointed and are to meet on the final day of this assembly to organize their work program.

#### FINANCING

Since no money has been made available by the state legislatures to be appropriated directly to the purposes of Incodel, an agreement was reached whereby each of the commissions on interstate cooperation within the region would be responsible for a portion of the expenses incidental to the operation of the Incodel office. These funds are to be budgeted over a period of six months, from January 1, 1937, until June of this year. By that time it is hoped that adequate financing for this enterprise will have been provided by the four state legislatures.

#### SUMMARY

The Interstate Commission on the Delaware River Basin has now been organized and operated for a period of six months. It has succeeded in bringing together, for the first time, a group of legislators, planners, and administrators from four states as well as representatives of the federal government, for the purpose of solving those problems of water resources within the area which can only be met on a broad mutual basis.

The study of the Delaware River Basin, made by the associate water consultant as assigned to the commission by the National Resources Committee, has been completed and is shortly to be released for consideration and discussion by the general public. That study has been pursued on the terms which Incodel considers it should follow, in that it is not an original work, involving new inquiries and research, but is rather a synthesis of viewpoints which have been expressed in official and semi-official docu-

ments, published over a period of many years.

Numerous proposals which will require cooperative action on the part of two or more states in this drainage basin are included in that study, and it is anticipated that Incodel will foster the adoption of such of those proposals as it may think desirable.

Through its organization on the subcommittee pattern, the commission is attempting to make use of more than a score of federal and state agencies now engaged in some phase of activity in relation to the problems of water supply and pollution in this area. Through the appointment of advisory members to the commission, every effort will be made to enlist the services of all of those within the four-state region who are qualified to participate in the moulding of a joint program for the betterment of existing conditions.

#### CONCLUSIONS

With only six months behind us, we cannot point to a specific list of accomplishments. We have only made beginnings.

With the continuing interest which each member of Incodel and each of the parent commissions on interstate cooperation has shown in this project; with the enduring support of the Council of State Governments; with the ready assistance which is being given us by the state planning boards, by the state health departments, and by other state agencies; and with the aid which is contemplated from the National Resources Committee, we hope to be able, at future assemblies, to present more specific reports of progress.

PRESIDENT McNUTT: Mr. Toll wishes to say a few words.

EXECUTIVE DIRECTOR TOLL: This morning the staff had a breakfast session, and we were discussing the proposed organization of the meeting of the Interstate Commission on Council Development in Chicago within the next thirty days, which was contemplated and ordered by the resolution which was adopted without discussion. The more we talked that matter over the more worried we became. Under that resolution it would become necessary for us to send out, within, let us say, the next ten days, to the senate, the house of representa-

tives, and the governor of each of the forty-eight states, a request that they do now designate a delegate to attend a meeting to be held within twenty days thereafter, in Chicago, to discuss council development. Of course, we would advise that they should provide finances for the attendance of that delegate at the meeting. That is the first step, and I am afraid that the reaction would be distinctly adverse.

In the second place, the sessions are becoming more and more absorbing, and thirty days from now I think most of the responsible legislators will find it exceedingly difficult to come to a meeting of that sort unless they live in adjacent states, and you do not want questions of this sort decided simply by a regional group. It is certain that there would not be any attendance which was representative in a way comparable to the representation at this session. So the suggestion has been made that that matter be postponed until later on; that we will look forward to such a meeting, but not immediately, if that be the pleasure of the assembly. That could be done by amending the resolution.

A motion was made by Judge Hartshorne, seconded, and carried, that the resolution be amended to read as follows:

For the purpose of making clear the recognized need for actual participation of each of the constituent members in the management and organization of such council of state governments,

WE MOVE, that there be and is hereby created an "Interstate Commission on Council Development" of the Council of State Governments,

AND WE FURTHER MOVE, that the president of the Council of State Governments set a date within the calendar year for a meeting of such Interstate Commission on Council Development at Chicago, Illinois, and that the designation of delegates and representatives be made as recommended by your committee on operations of the Interstate Commission on Council Development at this Third General Assembly of the Council of State Governments.

SENATOR J. NEAL LAMOREAUX (Michi-

gan): I am interested in particular in this proposed act for affiliation with the Council of State Governments.

The proposed bill here provides for five members from each house and five representatives of the governor, which seems to us, at least in Michigan, a rather large and unnecessary number, and it would be quite costly. The cost of this is going to have quite a lot to do with the prestige that we might have in getting it enacted. I want to know whether it is necessary that we have such a large commission or whether it is just a matter of general opinion.

EXECUTIVE DIRECTOR TOLL: I think that calls for a somewhat general statement as to the structure of these commissions. Under the act which has been recommended, which proposes a commission similar to the first one which was established in the state of New Jersey, and which is the pattern which has been followed by, I think, fourteen of the seventeen states which have established such commissions, the plan is this: first, in the senate there should be a standing committee on interstate coöperation established as are other standing committees in the senate; with the designation of the chairman according to the practices of the particular state; second, there should be a similar committee of five in the house of representatives similarly established; finally, the New Jersey Act creates a state commission on interstate coöperation made up of five senators, five representatives and five administrative officials appointed by the governor. One of the administrative officials is appointed chairman of the commission by the governor.

An administrative officer in those states which have administrative members (all but two have) is made chairman of the commission because it is contemplated that there will be constant dealing between the senate and house committees. If there is an administrative officer as the chairman, it means that there is an official in the capitol of each state with an office which is always open and ready for the transaction of business.

The actual operation in New Jersey, for instance, is this: there is a question of interstate coöperation which is considered by the commission of fifteen and they decide, after conference with New York and

Pennsylvania and other states, that they favor a particular program. That program almost always involves some legislation. A measure is then introduced in the senate and it is referred to the senate committee on interstate coöperation; that committee is made up of five men who sat at the commission table throughout the negotiations. If it comes out of that committee and goes through the senate, it goes over to the house and is referred to the interstate committee on coöperation. There you have exactly the same situation, and the bill has the assurance of an understanding action by the committee. Then it goes to the governor where the chairman of the commission is in a position to explain it if necessary.

That is the purpose of a commission of that size.

It is not contemplated that all the members of the commission from Oregon, for instance, will come to meetings of the general assembly. The theory has been that this assembly would eventually be made up of 144 members, namely: the chairman of each commission, an administrative official, the chairman of each senate committee, and the chairman of each house committee. In that way you get a beautifully integrated agency.

SENATOR LAMOREAUX: That satisfied me very much.

The next question I might ask is, What method and what contribution may be expected from our organizations back home to support this?

EXECUTIVE DIRECTOR TOLL: At the present stage we care much more about having somebody to deal with than about the money. While the money is important, it is a matter of secondary consideration, and the majority of those states which have established commissions on coöperation have as yet made no appropriation whatever, either to their commissions or to the Council of State Governments.

The basis on which we are operating at present, if carried through a year, would amount to about \$100,000. The great bulk of our financing has come by grants from the Spelman Fund of New York, which is a Rockefeller foundation.

The work increases very rapidly as new commissions are established, and I am satisfied that the proper budget would be

in the neighborhood of \$150,000, which would be an average of \$3,000 per state. If you allot it arbitrarily, for instance, 10 per cent to each of the sections of the council, it would mean you were putting \$300 into crime work, \$300 into tax work, \$300 into social security, and so on.

The suggestion in that connection has been that there should be developed an allocation which could be submitted in the case of those states which wanted to bear their pro rata of the total operating budget, with perhaps a minimum of \$2,000 and a maximum of \$10,000. I would say that in a general way a \$2,000 appropriation would be the probable desired minimum in such an allocation.

PRESIDENT McNUTT: The thought, in that regard, is to make the allocation upon consideration of various factors: population, ability to pay, and many other factors. That is part of the work of the committee on finance.

HON. R. C. BECKETT (Delaware): I would like to mention also the question Senator Lamoreaux brought up. Delaware happens to have sixteen state senators. To go there and ask for a committee of five out of sixteen will encounter some opposition. I was just wondering whether Senator Toll's statement could not be amended to excuse a state that has only three counties.

PRESIDENT McNUTT: There is nothing hard and fast about that. There could be three, one from the senate, one from the house, and one appointed by the governor, just as we have delegates here, but the thought was that if you have a standing committee of five it would be a standing committee of the house and of the senate and would function as such; all bills having to do with interstate coöperation would be referred to that committee, and it would be very helpful in securing legislative action.

EXECUTIVE DIRECTOR TOLL: I think that I intended to mention, when I started on that statement as to this form of organization, that there are two other arrangements which have been followed by specific legislatures. In New York State it was preferable to have no administrative representation. They desired to keep it entirely within the control of the legislature, so they set up a joint legislative committee. New York is the one state in which it is not a

commission but a committee, consisting of seven members of the senate and five members of the house of representatives.

In Indiana a still different system has been followed. There is a standing committee of five in each house merged into a joint commission of ten legislators.

MR. THOMAS J. FITZGERALD (New York): I was very much interested in the discussion, but it is not entirely accurate to say that we do not recognize the executive department. We do. Five members are appointed by the governor. Their capacity is as advisory members to the commission, but in all our affairs and deliberations we accord them full recognition as members of the committee.

MR. OSTERTAG: New York does not want to usurp all the time of the meeting, but I want to make just one suggestion to the Assembly. In the report of the committee on council development we gave very careful consideration to the possibilities of how states can participate. Copies of that report are made available to all delegates and to all states, and I think it gives you all the answers that you might find pertinent to your participation. The three plans so far in operation were written into that report.

The meeting recessed at 12:30 P.M., to reconvene at 2:00 P.M.

## SATURDAY LUNCHEON

*January 23, 1937*

THE Saturday luncheon session of the Third General Assembly of the Council of State Governments was held at the Mayflower Hotel in Washington, D. C., Hon. Paul V. McNutt, presiding.

PRESIDENT McNUTT: The pleasure which I have is both official and personal—to present to you a dear and an old friend, secretary of the Governors' Conference, Hon. Cary A. Hardee, former governor of the state of Florida.

HON. CARY A. HARDEE: I am for this Council of State Governments. I believe that it is doing a great work. I know it has done some work for the Governors' Conference, which we have passed along to the various governors of the Union and which has been very much appreciated.

The Governors' Conference was organized thirty years ago. Back in 1908, President Theodore Roosevelt called the governors into conference here in Washington, and growing out of that meeting was what has lived from that time until now as the Governors' Conference.

There were two thoughts in President Theodore Roosevelt's mind in calling the governors together. Particularly there was the conservation of natural resources. Another thought that the then president had

in mind was adding to the impetus and movement for the adoption of uniform laws. As you all know, the American Bar Association has done a remarkable work in that regard, and all along the Governors' Conference has cooperated. In fact, many times we have had on our program particular laws that ought to be adopted in the various states, and we have lent what influence we had toward the adoption of such measures.

Just a few years ago one of the foundations offered to finance the Governors' Conference in rather substantial amounts, and it was thought by one particular governor that we should have a secretariat, carry along research work in various types and forms of governmental policies, and pass it along. It was debated on the floor of the conference, and there were only a few governors in favor of the proposition. It looked to them simply like a duplication of such work as the Council of State Governments and other organizations are doing. So no secretariat was set up. Hardly any office is maintained.

Annually the governors come together in a kind of family party. You know governors are rather independent fellows, and they want to do all the talking, so they have a conference—a round table among themselves—and discuss the questions in

which different ones are interested. They benefit from the suggestions they get from their fellow governors and learn from them how they handle mutual problems.

Perhaps you will be surprised to know that the Governors' Conference passes no resolutions other than merely formal ones, because it is composed of men of different political parties, and it is not well to have a nonpartisan meeting disturbed by the adoptions of resolutions distasteful perhaps to many of the governors present.

We are thinking, as a body, of the very thing that you people have been discussing here at this wonderful meeting. Looking

over the paper this morning, I noticed that the governor of Illinois had recommended the passage of a bill creating a commission on interstate cooperation. I think most of the governors are interested in that question. The members of the executive committee of the Governors' Conference, to whom I have mentioned it, feel that our next meeting, our round-table discussion, our little family party as we sometimes call it, will feature the question of interstate cooperation—cooperation among the states and with the federal government.

The meeting closed at 2:00 P.M.

## SATURDAY AFTERNOON SESSION

January 23, 1937

THE meeting convened at 2:00 P.M., President McNutt presiding, followed immediately by Senator Jacob Weiss in the chair.

CHAIRMAN WEISS: It is my pleasure at this time to present Hon. Theodore Dammann, president of the National Association of Secretaries of State.

HON. THEODORE DAMMANN: The National Association of Secretaries of State welcomes this opportunity to report to the general assembly. Interstate cooperation is not new to us. Our association is the oldest organization of state public officials which has maintained a continuous existence. Our first meeting was held at St. Louis in 1904.

At our nineteenth conference in New York last summer the association established a permanent committee on state publications. In so far as publishing is centralized in state governments, in most cases it is a duty which falls to the secretary of state. Our committee on publications is studying the feasibility of establishing state publications similar in purpose to the *Federal Register*. The purpose of such publications is to give full publicity to rules and regulations of the administrative divisions of state governments, which have the force of law. In our study we are receiving the cordial cooperation of the editor

and staff of the *Federal Register*. In order that such publications may be as nearly uniform as possible, and of the greatest use to the legal profession and government officials, we recommend that each state legislature consult with the standing committee on state publications of our association before taking steps to establish such a publication.

The state manual or yearbook is the most important single source of information concerning the government and resources of each state. Our committee on state publications, headed by Secretary of State Brown of Missouri, has established standards of minimum factual material which should be included in such books. We recommend that this committee be consulted by each state publishing any form of yearbook or manual, in order that the most useful material may be included.

For use within the state where published, it is necessary that certain information concerning all of the states be available. Our central clearing house at the Council of State Governments, in Chicago, assembles such material from all of the states, and it is urged that each secretary of state secure his information concerning other states from this central source maintained by the association. It is further urged that each secretary of state's office which publishes a state yearbook, and which finds itself handicapped by an inadequate staff in as-

sembling and publishing this material, make use of the staff of our central clearing house at the Council of State Governments.

In all of the states the secretary of state administers the trade-mark and trade name laws. The National Association of Secretaries of State is making a thorough investigation of the question of the registration, use, and abandonment of trade-marks and trade names. We urge that each state legislature defer the enactment of legislation concerning trade-marks and trade names until the twentieth conference of the National Association of Secretaries of State, which convenes this year, shall have agreed upon a uniform policy in this regard.

The National Association of Secretaries of State is actively investigating the question of corporations organized as nonprofit, membership organizations only, but which are in fact profit-making corporations. We urge that state legislators consult with us upon this problem.

We are very happy to have this opportunity as administrative officers to present our problems to you as legislators. We expect this new union which has been provided by the Council of State Governments to formulate policies which will prove of lasting benefit. All of these subjects are particularly the concern of the secretary of state. We shall be particularly grateful if you, as legislators, will consult with us before taking action on these matters.

Although secretaries of state find a large field of interstate coöperation in administrative matters only, many subjects with which we are vitally concerned require legislative action. We urge the fullest consultation and coöperation between administrative officers and legislators. As time goes on you may rest assured that the National Association of Secretaries of State will offer to you only practical and feasible recommendations which will contribute to the permanent improvement of public administration.

CHAIRMAN WEISS: At this point on our program we reach that time assigned for discussion on taxation. The session on taxation will now begin, and during that discussion Hon. Seabury C. Mastick, former senator of New York, will preside. Mr. Mastick.

CHAIRMAN MASTICK: I presume I shall have to address myself as Mr. Chairman and

then proceed with the report that I have here.

The problems submitted to the consideration of the Interstate Commission on Conflicting Taxation have been very largely absorbed by similar problems submitted to the consideration of the Tax Revision Council. It is, therefore, necessary to consider the question of taxation from the viewpoint of both of these bodies.

While the Tax Revision Council has as yet made no report, and the Interstate Commission on Conflicting Taxation has rendered several reports to the various meetings of the assembly, it might be well to review the recommendations of the commission before considering some of the other problems.

In its 1935 report the Interstate Commission on Conflicting Taxation, among other subjects, endeavored to segregate certain tax fields to the state governments on the one hand and to the federal government on the other. It was proposed that the federal tax on gasoline was originally levied only as a temporary expedient on account of the emergency; and that the federal government relinquish this source of revenue for the exclusive use of the states. The commission reiterates this recommendation and is hopeful that the federal government will give consideration to this relinquishment. In this instance the states were first in the field of gasoline taxation, and it would seem natural that they should be given the pre-eminent right to this form of revenue.

It was also recommended that Congress should leave the electrical energy taxes to the states for their exclusive use. Here again the federal government had only recently entered a field which had been previously utilized by the states. This recommendation is again submitted for the consideration of Congress.

In return for the retirement from the gasoline and electrical-energy field, the commission suggested that the federal government be allocated the tobacco taxes and the volume taxes or so-called "gallonage taxes on liquor." The commission still holds to this opinion.

However, during the past two years no substantial change has been made in any of these respects from either the state or federal point of view. Some of the states

have levied volume or gallonage taxes on liquor; and some states, which hitherto had not, levied tobacco taxes.

The universal scramble for revenue on the part of all levels of government—federal, state, and local—has been so great and the emergency has been so pressing, that taxes have been levied in the various fields with little or no regard paid by one level of government to the other.

This might be well illustrated by the effect of the federal gift tax. This tax is three quarters the estate tax, and has resulted in the transfer of a large amount of property and the consequent reduction in the estates to be finally administered under the state tax. It is obvious that the larger the aggregate estate, the larger the estate tax and the larger the share of the state governments in those states which have progressive rates of taxation. Now, if the federal government encourages the transfer of property under the gift tax, and the state gets no share whatever of the gift tax, then the estate or inheritance tax coming to the states will be very much lessened. In the case of the State of New York, for example, it has been estimated that this ultimate decrease will amount to about 50 per cent of the expected revenue under present existing law. In this instance the federal government apparently overlooked the fact that the states would be penalized in the operation of the gift law.

Aside from the consideration of the problem of separation of sources of revenue, there have been other problems brought to the attention of the respective commissions, all of which have been given some consideration. Where the federal government and the state both levy taxes on the same subject-matter, the question arises whether the federal government, to avoid duplication, should share the tax on some basis of allocation with the states, or on the other hand should, perhaps, permit the states to collect the tax or a portion thereof, and have a credit from the federal government, as is the case in connection with the estate tax. Here there is a difficulty of allocation, and on what basis? If neither of these plans should turn out to be practical, should there be a further consideration of direct federal aid to the states for particular functions of government?

All of these subjects require statistical information, which has not been available to either of the commissions under consideration.

There has been suggested, for example, by the Interstate Commission on Conflicting Taxation that, in personal income taxes, the federal government leave to the states the relatively small incomes, say those under \$10,000, and that the federal government collect the tax on the larger incomes, giving a share of their collection from these larger incomes back to the states. Such an arrangement would have several very valuable results, in that it would decrease duplication of returns by nearly 50 per cent, and consequently would decrease the labors of the federal government in examining returns to the same extent. By sharing in the larger incomes the total return to the states could be adjusted to about the same as it is at present.

No one solution of tax conflicts is possible. The problem must be solved by a combination of all of the various plans which have been suggested. Some sources of revenue may be separated, but there is not sufficient in this item alone to give either the states or the federal government the requisite amount of revenue. This plan would have to be supplemented by either a sharing proposition between the respective governments, or by an accrediting device, or by direct aid, or by a combination of all of these.

It is obvious that any consideration of these subjects requires a large amount of study and collection of statistical information. It is quite possible to enlarge upon each of these subjects in discussion, but if no conclusions have been reached relative to any of them, it seems as if such discussion would be out of order at the present time.

Both the Interstate Commission on Conflicting Taxation and the Tax Revision Council are confronted by the same problem as that of the federal, state, and local governments—that is the question of revenue. No appropriation has been made from any source to assist directly in the work of these commissions, and what work has been done on the problem of conflicting or multiple taxation has been undertaken by the research agencies of certain state

tax commissions, and the research facilities of Congress and the Treasury. These, however, have not been coördinated. It is necessary for the carrying out of the plans of both of these commissions that funds be provided for such study and coördination, and that it be done in such a way that the work of the commission receive official consideration when presented both to Congress and to this assembly.

Following the report, motions were made, seconded, and carried to adopt resolutions requesting, first, federal assistance in financing the Tax Revision Council, and, second, urging Congress to relinquish the field of gasoline taxation.

CHAIRMAN MASTICK: I have the very great pleasure of presenting Congressman Doughton, who is not only chairman of the Ways and Means Committee of the house, but has a much more distinguished position as chairman of the Tax Revision Council of the Council of State Governments.

HON. ROBERT L. DOUGHTON: The Tax Revision Council was set up by your assembly to attack, first, the problem of conflicting taxation, and, second, the closely related problem of determining the functions which can best be performed by the various levels of government.

The Tax Revision Council is an outgrowth of the work of the Interstate Commission on Conflicting Taxation. The investigations of this interstate commission, covering a period of some three years, showed that there were certain obstacles to overcome before the necessary work data could be obtained. First, it was necessary to develop more adequate financial statistics of state and local governments as well as more complete information regarding their functional activities. Second, many of the states need to conduct investigations of their own state and local problems. Tied in with this is the need for a broad campaign for public education regarding state and local taxation. Third, the commission realized that its work on the state level would be in vain without the development of some mechanism whereby there could be a sustained investigation of multiple taxation by an agency officially representative of federal, state and local governments.

Thus, to supply these needs and to expedite more definite work in these fields, the Second General Assembly created the Tax Revision Council.

With a major objective of developing means for simplifying and harmonizing federal, state, and local tax systems, and an intermediary objective of assembling data and work material from which the proper groundwork could be laid, your Tax Revision Council has held two meetings. These meetings were attended by practically the full membership of the council, made up as it is of representatives of the three levels of government, among whom are numbered leading tax authorities and experts, as well as those who are in positions of prominence in our various governmental levels.

In considering the existing framework and machinery which we now have available for the purpose of grappling with the problems of duplicate taxation, it might be well to consider our genealogy. Hearty commendation is due to the American Legislators' Association and the Council of State Governments for their valuable spadework in the tax field. No other group has done so much to focus the spotlight of public attention upon the complexities of the tax maze. No one else has done half so much toward educating the public in general, and governmental officers in particular, to a realization of the existence of the problem and the pressing necessity for its solution. There has been a generous giving of time and talents for the public good, and this fact is recognized by all who are informed on American governmental affairs.

In speaking to the Second Interstate Assembly two years ago, I drew attention to the causes of the difficulty: To the constitutional sovereignty of both the federal and state governments over the same people and same subject matters of taxation. To the fact that, with the exception of tariff duties, which are reserved for the federal government, and *ad valorem* property taxes, which only the state and local governments can effectively levy, the wide field of taxation between these two reserved extremes is a happy hunting ground for all taxing units of government.

Since that time, we have seen both the

federal and state governments imposing additional taxes both with respect to raised rates in existing taxes and to the imposition of new levies. As these additional taxes are enacted, the conflicts increase, and the problem becomes more serious. The resulting multiple or conflicting taxation is not necessarily an evil, but it rapidly becomes one unless there is due regard for the combined burden of taxes.

The inequitable distribution of the tax load is a matter of considerable resentment to the taxpayer. The financial burden alone is not the sole cause of his resentment. The waste of time and money involved in filing the necessary multiple returns, the keeping of proper accounts and data, and the annoyance of irksome detail and multiplicity of incidents are also a source of ill feeling.

If we are to accomplish our purpose, we must keep in mind that there must be a fair and just distribution of the tax load, measured by ability to pay, and at the same time due regard must be given to simplification and coordination of the mechanics of taxation.

I have studied the various proposals that have been advanced for the solution of these problems. There is the proposal that the tax field be divided between the federal and state governments; that the federal government allow a credit for state taxes paid; and that the federal government collect the tax and allocate a proportion thereof to the states. It seems unlikely that either of these methods alone will effectively solve our double taxation problems. There is, however, a possibility that a program based upon a combination of these proposals will accomplish a satisfactory settlement.

We must frankly face the fact that there seems to be little basis for expecting any substantial reduction in the total tax burden of the American taxpayer, at least in the next few years. While we cannot be optimistic about reducing the financial burden of taxes on our taxpayer as a whole, we can, by diligence and adherence to certain fundamental rules, cooperate with each other to obtain an equitable redistribution of this burden. And we can simplify the mechanics of taxation by reducing the incidents thereof to a minimum of workable convenience.

We have made progress in this field. Data has been collected from a number of sources and has been analyzed and compared. Channels have been developed for the further accumulation of facts and figures. Avenues of approach to, and methods of solution of, the whole duplicate taxation field have been discussed and considered.

In simply maneuvering ourselves into position to grapple more effectively with this problem, the battle is partially won. There seems no reason to doubt but that a new spirit of cooperation and confidence between the officers of our various governmental units is taking the place of the old mistrust and suspicion that have prevailed in times past. Let us nourish this cooperative spirit to the end that these conflicts and injustices, which we all recognize as bad, but which we heretofore accepted as necessary evils, may be eternally banished from our tax fields.

CHAIRMAN WEISS (after resuming the chair): Thank you, Congressman Doughton.

I understand that at this time there is to be an open discussion.

MR. J. H. WALLIS (Wisconsin): I have been very much impressed with the fact that the problems confronting this Council are the same problems that confront us in our municipal work. I have been agreeably impressed with the vigor and the earnestness with which you are attacking those problems. You have your ideas of unifying the taxing power of the government, coordinated with that of the states; we have the same problem regarding municipalities and state governments. This perhaps affords me a golden opportunity to speak to you state officials and remind you that in your work as state officials you are doing some of the same things to the municipalities that the two houses of Congress are doing to the state governments—monopolizing the field of taxation and leaving no tax base to be broadened except that of general property. So our problems are very much alike.

DR. RICHARD A. GIRARD (New York): I was struck by the fact that Congressman Doughton spoke about the possibility of the sharing of taxes administered by the federal government with distribution of the proceeds to the states. It was a striking con-

trast to the remarks made on Thursday at the private meeting of the Interstate Commission on Taxation. I wonder if Senator Mastick would indicate the reasons that the commission is so skeptical about the possibilities of the sharing of taxes.

SENATOR MASTICK: Yes, the Commission is somewhat dubious about the sharing of taxes. We hark back to the 80 per cent credit on estate tax in the 1926 law, and then we see that the federal government has progressively increased the inheritance tax on estate tax, has levied a gift tax, and that in neither the increases nor in the gift tax is there any sharing of that tax with the state governments. So we are somewhat hesitant in suggesting a future sharing of taxes in view of the fact that there might be, as we say, a change in the philosophy of government which would cause the Congress of the United States, in some other administration or at some future time, to take a similar course to that which they took in the estate tax. If they should, for example, give the states a 25 per cent credit now, say on personal income tax, another Congress might think that 10 per cent was enough, and we felt there would be no stability in that form.

We find that in the states that same condition prevails in the matter of sharing taxes, and in the matter of state aid one legislature differs in philosophy from another one. In neither case can we rely upon stable taxation. So we have felt that in the question of sharing it was not something which would be elastic in its proportion of the sharing. Does that answer your question, Mr. Girard?

DR. GIRARD: Not entirely, Senator Mastick. By sharing I have in mind not merely coöperation in the broadest sense, but rather the possibility of the unified administration of tax by some one authority, or primarily by some one authority and then the allocation of the proceeds between, say, two governmental levels. Take specifically for example the case of the gasoline tax. It has been suggested that the tax be administered by the federal government and the proceeds distributed back to the states. That is not a credit device, as you see; it is a matter of the sharing of the proceeds collected under a single administration.

Some of the criticisms that apply to crediting do not apply to sharing, although it is true that some of the criticisms that may be brought against sharing will apply to crediting.

SENATOR MASTICK: I think that you have paraphrased what I said, because I think we are meeting on the same basis on that question of sharing. In speaking of the gasoline tax, you have selected perhaps the easiest one of all (and the inheritance tax is about the same) in the matter of allocation of the tax, because it is relatively easy to allocate the collection of the gasoline tax. It is a little more difficult to allocate, for instance, the income tax, because the states differ in their interpretation of the income tax with different rates and different classifications. So until there is coördination in the states and agreement upon a more or less uniform personal-income-tax law, it would be very difficult to make any allocation.

As to the question of the gasoline tax, the commission takes the position, as you noted, that it should be left to the states anyway and not be collected by the federal government and re-allocated. Of course the money that is now collected by the federal government for gasoline, if you choose to put it that way, is allocated to the states for federal roads and one thing and another, but that is not allocated on a basis of collections; it is based on need. That can scarcely be called an allocation; it is more a sharing due to emergency reasons.

The question has been raised whether or not it is a fair situation for an eastern state, which contributes heavily to the gasoline tax of the federal government, to find that money, which is so collected, expended in some western state far distant from the eastern seacoast. I think for the most part we are agreed that our transcontinental highways are of as much benefit to one state as to another and that the revenues collected on the eastern seaboard are spent for the benefit of both. But when that road assistance is transferred to market highways or farm-to-market roads, as we call them in New York, the benefit which would be derived by the eastern states from money spent in some western or midwestern state is not so great.

In our state we have exactly the same

problem—the collection of a gasoline tax all over the state and then the reallocation of the funds, on a basis of need, to the various counties for highways. My county, for example, contributes a million and a half or more to the gasoline tax and gets back about \$75,000, while other counties contribute considerably less than they receive. Those counties which contribute less than they receive are the ones which have a large highway mileage. In our county we feel that, while we would like to have a greater return, nevertheless, we are benefited by the growth of the state and by the highways in other parts of the state. The same argument applies to the federal government.

HON. P. E. WARD (Ohio): I might just mention that one phase of this tax situation that has not been brought out here is the competitive situation between states. Personally, I feel that every state ought to have a personal-income tax. Our state has not. It is a highly competitive field, and if the federal government, by a crediting device, could compel every state to set up a tax of that nature it would seem to me to be very, very helpful.

HON. SIMEON E. LELAND (Illinois): I want to carry a little farther the point which Mr. Ward made—this matter of competition between the states.

My proposition is that you cannot tax national enterprise, national income, or national wealth on a state basis, and that the basic philosophy upon which the report of this commission is predicated, namely, that you can separate the spheres of federal and state taxation, is completely untenable and unsound.

The report proceeds on the assumption of making horse trades between the states and the federal government, offering to trade one sphere of government out of one form of taxation in return for the vacancy of another sphere; and there is no attempt to proceed from the initial point of trying to construct what would be a reasonable, rational, or equitable tax system, and then allocating the parts of that system to the particular governmental units on the basis of their technical and administrative efficiency. Rather each particular tax has been analyzed singly and solely on the basis of problems connected with it, the result being

that you make a recommendation that one tax be given the federal government, another tax be given to the state governments, and then you set out for new fields to conquer.

It seems to me that it is almost time to back up and start anew to see what kind of system can be devised which ought to meet the needs of the country as a national revenue system, and then to see what particular units can be given the duty.

Judge Leser, have you some remarks you would like to make that would be helpful to us?

JUDGE OSCAR LESER (Maryland): I heard a remark made here that every state ought to have an income tax. I beg to differ with that idea. I think no state ought to have any tax that it does not need. We had quite an experience along that line when Congress introduced this system of crediting against the inheritance tax or the death tax. It was practically admitted to be a scheme to compel the states to adopt an inheritance tax whether they wanted it or not—held out as a bribe.

CHAIRMAN MASTICK: Proceeding from Maryland to South Carolina, we have the treasurer of the National Tax Association here, the tax commissioner of the state of South Carolina, and I think we would like to hear something from Mr. Query on this subject.

MR. W. G. QUERY (South Carolina): I believe uniform laws relating to a great many things could be adopted. I am, however, of the opinion that when it comes to a matter of uniform tax laws that the states would be very far apart.

HON. IRWIN ARNOVITZ (Utah): This discussion intrigues me particularly because in our state we have a little different situation than we find in some of the larger and more affluent states. We have large industries in our state. We find that the capital to develop those industries came originally from the more affluent states, so when we adopt anything like an income tax and then start looking around for the income we find that most if it has gone back, of course, to the state from which the capital came.

I find myself somewhat in accord with the idea of Senator Ward, of Ohio, that if income taxes are to do any good some of the states finding themselves situated as our

state, must get some system of crediting by the federal government for taxes paid in the other states.

With Judge Leser I, too, must agree that taxes should be adopted only in so far as they become necessary.

HON. ROY G. BLAKEY (Minnesota): Is there a motion to adopt the report?

CHAIRMAN MASTICK: No. The report was given for information only and there were two resolutions, both of which were passed. This is a general discussion of the subject of taxation for the interest of anyone who wishes to take part or who wishes to contribute the information to the rest of us.

Honorable James J. Boyle took the Chair.

HON. THOMAS REED (Mississippi): I think that Congressman Doughton made a most pertinent remark when he stated that the reason the field of taxation was so complex, so insolvable, was the demands made upon the federal government and the state governments. There is always conflict and agitation against taxation without much thought on the subject of where the money actually goes.

In looking at this question of taxation we should consider it as twofold; money comes in and money goes out. Does the money come from the source that it should come from and does the money go to the benefit of all the people?

It requires education. We as members of the Council can go back to the states and take part in any discussion that we can to enlighten public opinion, not only for the clarification of the tax system but to make the public realize that the reason the problem is so great is because the demands of society are so great.

CHAIRMAN BOYLE: I believe Senator Hendrickson of New Jersey, chairman of the Finance Committee of the Commission on Council Development, has his report ready.

SENATOR ROBERT C. HENDRICKSON (New Jersey): An analysis of the financial needs of the Council during the coming year seems to indicate that to meet properly the task ahead, which includes the establishment of state commissions or committees

on cooperation, the development of regional and nation-wide commissions on various subjects, and the increased service for various organizations of governmental officials, the Council, based upon its present state of development, will need approximately \$150,000. If it were possible to distribute this cost proportionately among the several states and demand contributions upon such a basis, there would be imposed an average obligation of \$3,000 per state. Of course, the states will not all contribute equal amounts, but the suggested quota for each state would probably range from \$2,000 to \$10,000, varying because of differences in population, wealth, and income of various states. Unfortunately, no definite arrangement of this character is either practical or possible at present.

However, in order that the Council may work to the end that such a plan can be formulated with regard to its financial structure, your committee urges each of the several delegations here assembled to carry back to their respective states a message as to the great need for the continuance of the Council and its work, and the importance of the participation of the forty-eight states in the Council's activities—participation both as to program and finances—and promotion of a general plan or policy which will permit the Council not only to carry on but to move forward. To this end your committee offers resolutions.

Following the report a motion was made, seconded, and carried to adopt resolutions on the topics as outlined: contributions to the Council of State Governments by legislatures; establishment of district secretariats; topics to be considered by the Interstate Commission on Council Development; cooperation between chairmen of commissions on interstate cooperation and legislative reference bureaus; additional copies of the reports of the New Jersey and New York commissions on interstate cooperation; appreciation of the National Resources Committee. See pages 179-180.

SENATOR JACOB WEISS (Indiana): Mr. Chairman, the signatories below move that the committee on operations of the Commission on Council Development of the Council of State Governments, consisting

of Hon. Harold C. Ostertag of New York, Hon. Joe Paul of New Jersey, Hon. Louis N. Laderman of Ohio, Hon. Ellwood J. Turner of Pennsylvania, and Senator Jacob Weiss of Indiana, chairman, be continued and act as a committee for the purpose of developing and presenting a program and plan for the proposed meeting of the Commission on Council Development as provided for in the motion adopted on January 22, 1937, by this Third General Assembly of the Council of State Governments.

Harold C. Ostertag  
Joseph C. Paul  
Ellwood J. Turner  
Jacob Weiss  
Louis N. Laderman

In explanation of this motion, first it is for the purpose of clarifying the record. There was a motion of similar effect adopted this morning but the record is not clear on the purpose of that motion. The

object in presenting this motion at this time is to clarify the record, to continue this committee with some power and potency for the purpose of getting together sometime before the Commission on Council Development meets within the year, as provided for in the resolution of this morning, and present a concrete plan for the actual participation of the states and their commissions in the government of the Council of State Governments; in other words, to sit down and draft for presentation to the Commission on Council Development a constitution and by-laws, with such other recommendations which we think may be necessary for the full development of all of the potentialities of the Council of State Governments.

The motion was seconded by Senator Reed of Mississippi and carried.

The meeting recessed at 4:10 P.M.

## SATURDAY EVENING DINNER

*January 23, 1937*

THE Saturday evening dinner of the Third General Assembly of the Council of State Governments was held at the Mayflower Hotel in Washington, D. C., Executive Director Henry Toll presiding.

Speaker Furman, speaker of the house of representatives of Pennsylvania, introduced Hon. George H. Earle, governor of Pennsylvania.

HON. GEORGE H. EARLE: I speak tonight of progressive government. To my mind that means liberal government. How much suffering and distress in our country during recent years may be attributed to our lack of liberal government I think you all know. We have seen homes lost; women and children go hungry; and business establishments collapse.

We have learned, from bitter experience, that government must progress or be destroyed. We have come a long way since those dark days when every bank in the nation had closed its doors. We may well be proud of our progress. But we have

come only part of the way. We have fed the hungry, but we have not abolished poverty. We have provided unemployment compensation, but we have not ended unemployment. We have saved farms and homesteads, but there still are others to help. We have preserved the Constitution, but we have not wiped out those forces which tend to destroy civil liberties, upon which our Constitution rests.

Part of the responsibility for the correction of the many evils in our national life rests with the federal government. Under President Roosevelt, the national government has accepted that responsibility. But we cannot shirk our own share of the task. The states themselves must bear their part of the burden. We cannot run to Washington for help every time a problem arises. We should see to it first that our own house is in order.

No people can justifiably ask the continuance of an administration which has failed in what seems to me to be the "musts" of state government. My opinion is that a state must protect its minorities

and give them a fair and equal opportunity; protect the worker, the farmer, the child, and the weak from exploitation; protect legitimate business from the chiseler and the fraud; and protect the farmer and home owner from excessive taxes.

All these we must do for ourselves within our capacity. Behind them, however, is always the federal government, now ready to aid us in transforming them into reality.

Taxes based on the ability to pay, and naturally held within reasonable limits, are not the fearsome things that some of us holding official responsibilities might think. It is my belief that in a democracy such as ours fair men have little objection to taxation based on ability to pay. What they rightly demand is that their tax money be spent honestly and wisely and for the present or ultimate benefit of the state and nation. Americans want their money to produce good things.

There are a great many states in the Union that are taking the path of least resistance in the method of taxation and are putting on a certain tax that, to me, is the most viciously subtle tax in the whole category of taxes, and that is the sales tax. It is so easy to put on; it is comparatively easy to collect; it brings in cash immediately; and for those reasons a lot of the state legislatures have succumbed to the temptation to lay a sales tax. Let me tell you the truth about the sales tax. Those in favor of a sales tax argue that it is a fair one.

In our state of Pennsylvania, the average man or woman earns from \$400 to \$2,500 a year. He or she spends it all right in the immediate community. Practically every dollar of it pays a sales tax. Now a sales tax does not tax one necessity of life; it does not bring in enough. The sales tax on luxuries amounts to very little; therefore, everything has to be taxed—milk, meat, bread, and clothes—if there is any income to be derived from it. Hence, the average citizen of my own state, who earns from \$400 to \$2,500 a year, pays a sales tax on practically every dollar of his income.

Let's take a man of wealth and then you will understand why it is that those legislators, controlled by people of wealth, want a sales tax, or why it is that the people of wealth themselves want a sales tax. In

the first place, the man of wealth has a large apartment in the city, on which he pays very high rent—from \$2,000 to \$15,000 a year; there is no sales tax on the dollars that go for the rent. The dollars that he spends for the wages of servants are not taxed. If he wants to buy an expensive automobile or a mink coat or a diamond necklace for his wife—or somebody else—he goes right over to New York City. New York City has a sales tax, but not for people living outside the city. Then he takes his family and goes to Europe, Africa, Australia, Canada, California, or Florida, and spends thousands and thousands of dollars traveling. There is no sales tax on those dollars; not a cent. On that part of his income which he does not spend, which he puts away for traveling or some other purpose, there is no sales tax. So you see, my friends, instead of being based on the ability to pay, a sales tax is absolutely the reverse; it soaks the poor and practically exempts the rich.

That is the reason why I campaigned up and down the state of Pennsylvania; and we beat it as it has never been beaten before. There will never be a sales tax in Pennsylvania as long as I am governor.

Tonight there are 300,000 homeless or threatened with evacuation due to the unseasonable rains and floods. Those floods started, for the most part, in Pennsylvania. Persistent rains and spring temperatures combined to swell the headwaters of the Ohio and Mississippi rivers.

Last year, after the disastrous St. Patrick's Day deluge took hundreds of lives and destroyed millions of dollars' worth of property, Pennsylvania, in conjunction with its neighboring states and the federal government, started a program of prevention. The President espoused it and gave it the support of his administration. Because of the change in living conditions, our close proximity to each other due to speedy transportation, the wiping out of state lines by modern communication, and economic necessity, we know flood control is a national problem of great economic and social importance. We know that all of us must work together to solve it.

I want to tell you our experience with government in Pennsylvania last year, by referring again to the St. Patrick's Day

flood, when raging streams tore houses from their moorings and ruined towns and cities and farms over much of the East and South. In its wake, we asked the legislature of Pennsylvania to permit a constitutional amendment to enable the state to borrow \$50,000,000 for flood control. We asked the legislature to grant us other legislation to permit coöperation with President Roosevelt's long-range flood control plan. Our hope was to match federal grants dollar for dollar, to reforest the denuded hills, to construct impounding basins and to establish a series of reservoirs in strategic places, and to construct dikes and walls around these low lands where people periodically suffer from rising rivers.

We faced an opposition senate controlled by the utilities, and the utilities and the republican senators stupidly refused all substantial aid. They gave us a few emasculated bills that allowed us to make surveys. They even stripped the bills of what should be the state's right of eminent domain, and they prescribed low-head reservoirs to make sure that water power never would become a by-product of flood control.

That senate, I might add, is no longer an opposition body. It is liberal for the first time in ninety-one years—a warning to all of us that the people will not stand for ignorance bred of selfishness.

Now we are conscious of our responsibilities in instituting flood control in the headwaters of the Ohio. We are going to ask our legislature to find \$5,000,000 to match an equal federal grant and so take the first real step—a \$10,000,000 step—to subdue or control the menace of unbridled waters.

Once control is accomplished, with its saving to every state along the Ohio and Mississippi, I know what the people will say. They said it of the Panama Canal, Boulder Dam, TVA, and other progressive developments that took patience and courage. They said, "That money was well spent."

Flood control is only one major problem which progressive government must meet squarely and solve. There are others just as vital, perhaps more so. Some are less apparent and more complicated.

The tremendous advance of science in the last one hundred years has given us the most astonishing labor-saving devices. It

is strange that instruments that gave many so much comfort should cause others such unhappiness. Of what use are those machines if they bring our people unemployment, starvation, and destitute old age? Where do we benefit if they condemn hundreds of thousands of our workers to the dole?

Ladies and gentlemen, this to me is the greatest problem today in America.

From 1800 to 1900 our country was expanding in great leaps and bounds; great transcontinental railroads were being built, our plains were being turned into fields of corn and wheat, our forests were being timbered, our streams and rivers were being developed, big buildings were going up, and all the time the machine was increasing in efficiency. But so great was the expansion of the country that we did not feel it; we could take care of it. Then about the turn of the century, 1900, our expansion slackened, our great transcontinental railroads were built and our other great developments were either completed or nearing completion.

I was out in Chicago in 1912 or '13 and the first part of '14, the last year of the Taft administration and the first year of the Wilson administration. It had nothing to do with politics. I wish I could describe to you the unemployment I saw then. This unemployment we have today does not seem nearly so great.

We were due for a showdown with the machine age at that time, and then the World War came. Europe sent its men into its armies and they had to buy agricultural products, munitions, and manufactured products over here. That took up most of our unemployment. Then when we went into the World War we sent our men to camps here and into the battle lines in Flanders, and that took up all the rest of the unemployment. After the war, all those who sent this European golden credit over here thought it was a safe place for investments, and that gave us the inflation bubble, which burst in '29, and now we are having a showdown with the machine age.

Ladies and gentlemen, do you realize this is the first time in American history when you have a great recovery in agriculture, in industry, in business, in commerce, and no attending improvement or recovery in em-

ployment? A very sinister thing. These machines have gone on becoming more and more efficient.

The president of the Bell Telephone Company testified some months ago before the Senate Investigating Committee that since 1929 their business had increased, but due to the labor saving devices, such as the dial system and others, they were employing 140,000 fewer men.

I went down to Memphis, Tennessee, and saw that cotton picking machine. Two men and that machine do the work of fifty men. What is going to happen to the other forty-eight?

The President told me, when I was traveling with him during the campaign, that every year the Roosevelt family, the clan up there in Hyde Park, have two men come in and chop their kindling wood for the whole family for the winter. It takes them about two and a half or three weeks to chop all the kindling wood necessary for the members of the Roosevelt families. He heard about this kindling machine. He sent it up to be tried out because he is tremendously interested in this great problem. Two men took that machine, and what it took them three weeks to do before by hand they did in two and a half days.

My friends, it does not make any difference where you go, down in the mine, into the mill, the factory, out on the farm, into the office where they take dictation by machine and have computing and adding machines, every day, it is getting worse.

If we do not solve this problem I predict to you that within ten years' time half of us who can get work will be taking care of the other half who want work but cannot get it. It is the biggest problem today in America; it is the biggest problem today in the world. Our production is magnificent; our distribution is terrible. Until a solution is found for this great problem there can be no lasting prosperity.

When our mechanical genius develops machinery which permits one man with a machine to do the work of ten men, does society owe the other nine an opportunity to earn a living?

President Roosevelt recognized this moral obligation and through NRA provided a means to discharge it. NRA shortened hours and increased wages. That meant

more employment, higher pay rolls. It established a way of sharing wealth in the only way that wealth can be shared—by giving labor its fair share of the wealth it produces.

That principle was nothing more than fair play. Established nationally, it placed every state on an equal footing. It was fair to labor and it was fair to industries in the various states. Shall we have fair play through regulation of business and industry? I say we must have it if our nation is to go forward. We have had enough of sweatshops. We have had enough of the rule of the claw in mine and mill and factory.

If we are to have progressive government, government which goes forward with the times, the states and the federal government must work shoulder to shoulder toward solution of the critical problems of our machine age. Even more than that, business and industry must help to make our government progressive by joining in those efforts, by accepting social responsibility for their activities. Unless government serves its purpose it must fall.

It is ridiculous to suppose that government can be separated from our economic system. We cannot have one government by elected officials and another by corporation directors. Let us admit frankly that we have only scratched the surface in our quest of social progress, which is national and individual progress. Let us remember that just as our nation could not survive half slave and half free, it cannot survive and grow while large sections of its people are in economic bondage.

Progress means change. Progressive government means changing government, government constantly adjusting itself to social needs, government conscious of its great and only major responsibility—to provide for the general welfare.

Ladies and gentlemen, truly these are challenging times. In unity we can meet them and enjoy the conquest.

CHAIRMAN TOLL: I know I express the sentiment of everyone here when I thank you, Governor Earle, for this intimate, personal, expression of this political philosophy. I think it is a privilege for all of us to have heard this discussion by a man with whom we are all acquainted by repu-

tation and with whom it is a privilege to be acquainted in person.

This is the last of our dinners together during these sessions. I think that all of us who are interested in the development of the Council of State Governments feel that the Council has traveled perhaps 25 per cent farther along the route than it had traveled three days ago. These days have meant a building up of great additional momentum for this cause of governmental harmony, for integration of administration, and for the effective utilization of the state as a unit of government in which we are all interested.

We see individuals who have been elected to office under the established partisan system coming together in these meetings with no spirit of criticism, with no thought of anything except the effective organization of our government as an institution which we have in common in our patriotic ambition to make America the best governed and the happiest land in the world. So with that thought it is my duty to announce this gathering adjourned.

The meeting adjourned at 9:10 P.M.

## RESOLUTIONS

### COUNCIL DEVELOPMENT

**F**OR the purpose of making clear the recognized need for actual participation of each of the constituent members in the management and organization of such Council of State Governments:

**WE MOVE THAT THERE BE AND IS HEREBY** created an "Interstate Commission on Council Development."

**AND WE FURTHER MOVE**, that the president of the Council of State Governments set a date within the calendar year for a meeting of such Interstate Commission on Council Development at Chicago, Illinois, and that the designation of delegates and representatives be made as recommended by your Committee on Operations of the Interstate Commission on Council Development, at this Third General Assembly of the Council of State Governments.

### FINANCIAL PROGRAM

**BE IT RESOLVED**, that the delegates to the Third General Assembly of the Council of State Governments urge their respective legislatures to contribute to the Council of State Governments a just share to assist in maintaining the services which it renders to the American Legislators' Association, the National Association of Attorneys-Generals, National Association of Secretaries of State, Governors' Conference, the

Interstate Commissions on Conflicting Taxation, Crime, Social Security, Council Development, and all public officers, and to maintain the central secretariat and such district secretariats as are now or which may hereafter be established.

**BE IT FURTHER RESOLVED**, that the quota which each state legislature be urged to contribute as its share to the maintenance of the services rendered by the Council of State Governments shall be determined by the Board of Managers of the Council of State Governments; and,

**BE IT FURTHER RESOLVED**, that the suggested allocation of the aggregate sum received for the Council of State Governments shall be determined by the Board of Managers of the Council of State Governments.

**BE IT RESOLVED**, that district secretariats of the Council of State Governments shall be established as rapidly as may be made possible by appropriations from the several state legislatures.

**BE IT RESOLVED**, that the Interstate Commission on Council Development through the Council of State Governments shall direct its efforts to the following projects in order of chronological importance as follows:

1. Establishment of a commission on interstate cooperation in every state.
2. Establishment of a budget for the maintenance of the Council of State

Governments in all its activities, which budget shall provide for quotas to be raised by particular states and which also shall provide for the apportionment of receipts.

3. Development of district secretariats in areas where Commissions on Interstate Cooperation have been established and where financial support can be secured, provided these projects shall be carried on simultaneously where possible.

RESOLVED, that the delegates to the Third General Assembly urge the Chairmen of the Commissions on Interstate Cooperation to request their legislative reference bureaus and legislative councils to assist actively the commissions which are at present without staff.

RESOLVED, that the Third General Assembly urge the chairmen of the New Jersey Commission on Interstate Cooperation and of the New York Joint Legislative Committee on Interstate Cooperation to have additional copies of their excellent reports published for the use of all the members of the Third General Assembly.

RESOLVED, that the Third General Assembly express its appreciation to the National Resources Committee and urge upon the Congress and the President of the United States that this agency be established on a permanent basis in order to continue the close cooperation between the federal government and the state governments.

#### SOCIAL SECURITY

RESOLVED, that it is the sense of the Third General Assembly that uniform settlement laws be enacted, providing for

(a) A period of one year's residence as a requirement for gaining settlement.

(b) A provision for the retaining of settlement in one state until a new one is acquired in another state.

(c) Relief and service to unsettled persons in accordance with the local standards of relief, wherever they may be found in need, and until such time as the necessary investigations regarding settlement are completed.

(d) Vesting in the state department of public welfare the power to determine the final decision as to the retention of an unsettled person in the state or the return of such person to his place of legal residence.

(e) Authorization of state departments of public welfare or the corresponding agency to reimburse the local units for the costs of relief and service given to the person without legal settlement.

(f) Authorization of state departments of public welfare or the corresponding agency to provide relief and service for transients—interstate and intra-state—as an integral part of the general relief and service department.

RESOLVED, that the Third General Assembly recommend the adoption of the Uniform Transfer of Dependents Act, and urges the application of the principle of reciprocal agreements between groups of two or more states having adequate laws to encourage uniformity of practice between the co-operating states.

BE IT FURTHER RESOLVED, that the Third General Assembly urge the Congress of the United States to develop the necessary legislation and make appropriations to take care of the problems of the transient and needy, stranded migratory laborer, and other unsettled persons through grants-in-aid to the states on the basis of certain basic requirements.

RESOLVED, that the Third General Assembly urge the federal government to accept full financial responsibility for providing old age assistance and other forms of relief for Indians, and persons of Indian blood, who, because of their peculiar relationship to the federal government should be its particular concern.

RESOLVED, that the Third General Assembly request the Staff of the Council of State Governments to undertake the following studies relative to unemployment compensation, and to report to the Interstate Commission on Social Security, with recommendations not later than July 1, 1937.

A. The problems arising through unemployment in industrial and agricultural areas, which are undergoing fundamental economic changes, with the aim of providing for the retraining of workers or relocation in other areas.

B. The subject of uniform determination of wages and of contributions related thereto, including the question of wages that are earned in more than one state.

C. The problem of uniform laws on the subject of disqualifications of benefits.

RESOLVED, that the Third General Assembly urge the Congress of the United States to develop the necessary legislation and make appropriations to take care of the problems of the transient, the needy, stranded migratory laborer, and other unsettled persons through grants-in-aid to the states on the basis of certain basic requirements.

#### ANTI-CRIME BILLS

RESOLVED, that the Third General Assembly of the Council of State Governments assembled at Washington, D. C., January 22, 1937, heartily endorse the principles of the Uniform Act on Fresh Pursuit of Criminals across States Lines, as drafted by the Interstate Commission on Crime, and urge its speedy enactment in all the states of the Union for the better protection of the citizens of these United States.

RESOLVED, that the Third General Assembly of the Council of State Governments assembled at Washington, D. C., January 22, 1937, heartily endorse the principles of the Uniform Criminal Extradition Act, as drafted by the Interstate Commission on Crime, and urge its speedy enactment in all the states of the Union for the better protection of the citizens of these United States.

RESOLVED, that this Third General Assembly of the Council of State Governments assembled at Washington, D. C., January 22, 1937, heartily endorse the principles of the Uniform Act to Secure the Attendance of Witnesses from Without a State in Criminal Proceedings, as drafted by the Interstate Commission on Crime, and urge its speedy enactment in all the states of the Union for the better protection of the citizens of these United States.

RESOLVED, that the Third General Assembly of the Council of State Governments assembled at Washington, D. C., January 22, 1937, heartily endorse the principles of the Uniform Act for Out-of-State Parolee Supervision, as drafted by the Interstate Commission on Crime, and urge its speedy enactment in all the states of the Union for the better protection of the citizens of these United States.

#### TAX REVISION PROGRAM

RESOLVED, that the Third General Assembly hereby request the Committee on

Appropriations of the House of Representatives of the United States to insert an item for \$25,000 in the deficiency appropriation bill in order to match a similar appropriation from the Council of State Governments for the purpose of financing all advisory committees and the technical staff of the Tax Revision Council which has been jointly established by the federal government and the Council of State Governments to the end that the proper financing of the Tax Revision Council may be consummated at the earliest time. The chairman and secretary of the Tax Revision Council, together with a committee appointed by the chairman, are hereby directed to confer with the proper congressional officials, with the Secretary of the Treasury, and, if it seems advisable and feasible, with the President of the United States.

The original temporary emergency nature of the federal gasoline tax, improving yields from federal levies, the vital importance of gasoline taxes as state revenue sources, and the essential role of gasoline as a commodity utilized in transportation and communication prompt the Third Interstate Assembly of the Council of State Governments to request and urge that the Congress of the United States relinquish this recognized field of state taxation at the termination of the current fiscal year or as soon thereafter as possible.

#### OHIO BASIN COMMISSION

RESOLVED, that the Third General Assembly recommend the adoption of a uniform act creating state commissions on interstate cooperation affiliated with the Council of State Governments, which among other functions would assist in the institution and consummation of a federal long range program of flood control and regulation of flood waters within the cooperating states, thus meeting the requirements of the federal 1936 Flood Control Act.

BE IT FURTHER RESOLVED, that the Third General Assembly recommend the passage of necessary state legislation for the establishment of a state agency with authority to (a) deal with the federal government or any other state or states or state agency in behalf of the state, (b) to recommend to the governor and legislature all

necessary state legislation, (c) to serve as a proponent body on flood control, and (d), as a clearing house, to pass on all plans, surveys, proposals or requests from localities within the state concerning flood control.

#### THE INTERLEVEL COMMISSION

There is hereby established a committee to promote interlevel coöperation between federal, state, and local governments in this country. At the outset it shall consist of five members; three appointed by the president of the Council of State Governments, and, ex-officio, the president and the executive director of the Council of State Governments. The said executive director shall be, ex-officio, chairman of this committee, shall appoint its secretary and other staff members, if any, and shall direct their

activities in obedience to the decisions of the committee. For its own guidance, this committee may adopt articles of organization not inconsistent with this resolution, providing for additional members of the committee and for other arrangements to render it a joint agency representative also of federal and local levels of government, providing for methods of committee procedure which will be mutually acceptable to the federal, state, and local members of the committee, providing for a suitable name for the committee, and providing for any other arrangements which the committee considers appropriate. The term of each of the three appointive members mentioned above shall extend to the first of February in the year following his appointment, and thereafter until his successor is appointed.

CONDENSED MINUTES  
of the  
CONFERENCE  
of the  
INTERSTATE COMMISSION  
on the  
OHIO BASIN

FEBRUARY 5 AND 6, 1937  
DESHLER-WALLICK HOTEL  
COLUMBUS, OHIO

## ROSTER

### ILLINOIS

Walter Blucher, American Society of Planning Officials  
 K. D. Grimes, American Society of Planning Officials  
 Clifford Ham, American Municipal Association  
 Frank W. Herring, American Public Works Association  
 Fred K. Hoehler, American Public Welfare Association  
 Louis E. Hosch, American Public Welfare Association  
 Hon. Otto Kerner, Attorney-General  
 Hon. Robert Kingery, Chairman, State Planning Commission  
 Albert Lepawsky, Public Administration Clearing House  
 Senator James O. Monroe  
 Paul Oppermann, American Society of Planning Officials  
 Representative Paul Powell  
 Representative R. R. Randolph  
 Henry W. Toll, Council of State Governments

### INDIANA

Hon. Paul V. McNutt, President, Council of State Governments  
 Dr. D. B. Myers, Vice-Chairman, State Planning Board  
 Hon. Lawrence V. Sheridan, Consultant, State Planning Board  
 Hon. Laurence F. Sullivan, State Auditor  
 Senator Jacob Weiss

### KENTUCKY

Hon. James W. Cammack, Jr., Public Service Commission  
 Hon. Keen Johnson, Lieutenant-Governor

### NEW YORK

Edwin S. Cullings, State Planning Council  
 Assemblyman Emerson D. Fite  
 Assemblyman Harold C. Ostertag  
 Assemblyman Herbert A. Rapp  
 R. F. Shornstein, Clerk, Joint Legislative Committee on Interstate Cooperation

### OHIO

Kyle W. Armstrong, State Planning Board  
 Hon. Willis M. Baker, Director, Central States Forest Experiment Station

Representative Robert J. Beatty  
 Representative Walter Becker  
 Hon. Alfred A. Benesch, Director of Commerce  
 Senator Emerson Campbell  
 Hon. Orra B. Chapman, Director, State Industrial Relations  
 Hon. Carlton S. Dargusch, Vice-Chairman, Tax Commission  
 Representative W. H. Daugherty  
 Representative Paul J. DeCarlis  
 Fred Elsass, Clerk, House of Representatives  
 J. I. Falconer, State Planning Board  
 Senator W. F. Garver  
 Representative Frank Grubbs  
 Hon. Herbert A. Hard  
 Representative John J. Hayden  
 Representative Charles E. Justus  
 Representative George F. Ketterer  
 Representative Louis N. Laderman  
 Ann Makley, Deputy Clerk, House of Representatives  
 Representative Charles A. Mauer  
 Representative H. H. McEwen  
 Senator Verner E. Metcalf  
 Representative Frank J. Richter  
 Hon. John P. Schooley, Chairman, State Planning Board  
 Hon. A. L. Sorensen, State Director, Rural Rehabilitation  
 Senator E. Matthews Steele  
 Senator John Taylor  
 Representative P. E. Ward  
 Hon. David C. Warner, Executive Secretary, Water Conservation Board

### PENNSYLVANIA

Hon. Alex W. Dann, Vice-President, Mississippi Valley Association  
 Ralph C. Edgar, Tri-State Authority  
 Hon. Edmund W. Kirby, Deputy Attorney-General  
 Hon. F. A. Pitkin, Director, State Planning Board  
 Senator William B. Rodgers  
 Representative Ellwood J. Turner

### TENNESSEE

Representative Charles L. Coffelt  
 Hon. W. T. Ellis, Jr., Executive Director, State Planning Commission

Gerald Gimre, Consultant, State Planning Commission

Senator Andrew Jackson Graves

Representative R. G. Kinkle

Senator Cannon G. Moore

Representative T. Bennett Wright

#### VIRGINIA

Major Charles J. Calrow, Director, State Planning Board

Hon. Morton L. Wallerstein, Chairman, State Planning Board

#### WEST VIRGINIA

Hon. John J. D. Preston, Chairman, Public Service Commission

#### FEDERAL

Colonel J. D. Arthur, Jr., United States Army Engineer

Alfred Bettman, National Resources Committee

Dan. E. Bulfer, Assistant Forest Supervisor, United States Forest Service

David J. Guy, United States Chamber of Commerce

David T. Herrman, Soil Conservation Service, United States Department of Agriculture

Lasley Lee, District Engineer, United States Geological Survey

Arthur C. Ringland, Chairman, Flood Control Coordinating Committee

L. Segoe, Consultant, National Resources Committee

Frederick H. Weed, Water Consultant for Ohio Valley, National Resources Committee

Hon. Abel Wolman, Chairman, Water Resources Committee, National Resources Committee

Hon. Gladwin E. Young, Resettlement Administration, United States Department of Agriculture

## FRIDAY MORNING SESSION

*February 5, 1937*

The conference on the Ohio Basin, held under the direction of the Council of State Governments, was called to order at 9:30 A.M. in the Deshler-Wallick Hotel, Columbus, Ohio, by the president, former Governor Paul V. McNutt, of Indiana.

CHAIRMAN McNUTT: The Ohio River Valley has suffered a major catastrophe. The response on the part of all agencies has been nothing short of remarkable.

Unfortunately, in the past, when such things have taken place, each agency concerned has gone its own way without co-ordination or integration of effort. This meeting has been called in order to assure, if possible, the co-ordination of the effort of all governmental agencies.

All of us recognize that it will be necessary to have a long range plan, well conceived and well executed, in which all of the states affected can participate in the prevention of floods.

In order to render more effective in the future the commissions on interstate co-operation already existing in Indiana, Kentucky, Ohio, Pennsylvania, Virginia, West Virginia, and, we hope soon, Illinois and Tennessee, the machinery has been set up here to bring about the necessary co-ordination.

SENATOR ELLWOOD TURNER (Pennsylvania): It seems to me everyone is willing to coöperate, and we all know what the problem is. The question is how we can best accomplish that through these groups or agencies in the states.

I, therefore, offer as a motion that the chair appoint a committee to formulate some plan of organization of this group and to report back some time later in the conference.

The motion was seconded by Senator Weiss, of Indiana, and carried.

CHAIRMAN McNUTT: The committee will consist of the following: Senator Turner, chairman; Senator Weiss, Indiana; Mr. Kingery, Illinois; Mr. Wallerstein, Virginia; and Senator Campbell, Ohio.

I would like to present at this time Mr.

Abel Wolman, chairman of the Waterworks Committee of the National Resources Committee.

MR. ABEL WOLMAN: Most of you are aware that in the past forty-eight hours the President of the United States has submitted to Congress the results of a very rapid but reasonably thorough review of the problems of water resources of the United States. Naturally, among those recommendations and among the field and office studies the Ohio River Basin was covered in considerable detail.

There are tasks in the Ohio River Basin which can only be performed by state, county and municipal governments. One of the most important of these is the task of zoning, restricting, and preventing encroachment upon the normal, natural flood ways of the Ohio River. Without that zoning, without that restricting, without that control locally, of the natural stream beds upon which man has encroached, no flood protection program upstream or downstream is likely to result in the permanent elimination of all serious flood damage.

Everyone feels free to edge closer and closer to the natural and normal province of the Ohio River, the Mississippi River, the Potomac River, and any number of others.

The federal government cannot prevent that encroachment. State governments must begin to restrain the interest of individuals, industries, and property owners of one kind or another in territories which, I am inclined to predict, are going to be flooded regularly from now on regardless of what kind of flood protection and restriction program is built. I am referring now to the natural, low flood plain which belongs not to individuals but to the river. That area must either be protected at a cost that is unduly high or it must be left to its natural overflow propensities.

There is a second undertaking which is the responsibility of state, county, and municipality, not of Washington. Prompt, continuing discussion and thought should be given to the location and tie-ins of all public utilities; that is, consideration to the loca-

tion of water supply sources, filtration plants, pumping stations, and their tie-ins with upstream reservoirs and with highly distributive reservoirs of increased and larger capacity.

Third, in the Ohio Basin, as in every other basin in the United States, interest and pressure vary from year to year as individual problems become acute. One time it is emphasis on pollution. The next time it is emphasis on flood. The third time it is emphasis on navigation. Beginning today the problems of the Ohio River should be treated as one.

Those are the three ideas of local participation which I should like to emphasize. It is your job to see that they are all dovetailed and to see that your local authorities attack those problems which are peculiarly their responsibility.

CHAIRMAN McNUTT: Mr. Bettman, I should like to have you tell the members of the conference what the Ohio Valley Regional Planning Commission has done or is doing in the way of physical change.

MR. ALFRED BETTMAN (Ohio State Planning Board): The Ohio Valley Regional Planning Commission is a subordinate body of the National Resources Committee. It is simply a part of the planning machinery of the country relating particularly to the Ohio Valley.

So far we have acted on the principle that we should gather our data up to the point that it can be intelligently interpreted and organized, before we attempt to influence public action. We are still in that data-gathering stage.

I think there is a danger of overdoing the creation of agencies, each of which goes ahead independently "planning." I believe it would be wise if we would place our minds in order as to the functional parts the various types of groups can play in the solution of problems created by water. It would seem to me we should distinguish between, first, the general program of action; second, the legislation necessary for carrying out the general program; and, third, the execution of the program.

Mr. Wolman has pointed out that control of land is an integral part of control of water. The city of Cincinnati has already started the passage of a zoning ordinance along the lines he mentioned. We are al-

ready at work, for the future distribution of land uses, on the affected territory of the city; taking out of normal flood, or more frequently occurring flood, areas those industries which have contributed to our great distress and those individuals who are causing our largest economic burden.

While it is true, as Mr. Wolman has pointed out, that local action is needed, it is quite important that local action fit into some general principles, and the federal government can best point out what these general principles are.

Whatever action the legislative bodies decide to take, I hope they will place what we call "the planning ends" in some agency with a general program. We ought to know by this time that flood prevention is not a separate subject; that it is related to navigation; that it is related to pollution; that it is related to land use along the stream and in the vicinity of the stream; that it is related to power stations; and that these subjects are interrelated.

We should seek to avoid duplication, a lack of adequate unification in our planning procedure as distinguished from our legislative and executive procedure.

CHAIRMAN McNUTT: It might be interesting at this time to hear from those who have been working for an organization with a specific purpose. Is there anyone here who can tell us about the Ohio Valley Treaty Conference, which was a state pollution conference called in November of last year by Governor Davey?

MR. FRANK W. HERRING (executive director of the American Public Works Association): Any program of flood protection that is not closely coordinated with the local public works undertaking would be unwise. Today a community is a community only by virtue of the facilities which must be kept in operation.

Legitimate uses to which water can be put are many. Flood control is one consideration. Navigation is largely a federal concern. Pollution and health are largely of state and local concern. Water supply is of local concern. In some of the other drainage basins, irrigation is a perfectly valid use of the water in the river course, and that is a combination usually of federal, state, and special district concern. This whole problem involves the

participation of at least the technical staffs of all levels of government.

CHAIRMAN McNUTT: We have in our group today, Mr. Fred K. Hoehler, executive director of the American Public Welfare Association, formerly the director of public safety in Cincinnati, who was brought back to Cincinnati to assist the city manager during this emergency.

MR. HOEHLER: I think the important factor about Cincinnati's beating the last situation was the fact that the city is accustomed to centralized administrative authority in the city manager. The people were aware that one man with authority to control and dictate policies on police, fire, water supply, health, and all other functions of government could be trusted with the job of virtual dictator.

Mr. Dykstra associated with himself a group of prominent citizens representing the president of the utility companies, the head of the Red Cross of the county, the president of one of the largest grocery concerns, and so forth. Each man was given his responsibility for the centralized authority in his particular field. Individuals in every section of the city played the game loyally and with perseverance.

The cooperation of the social agencies, the civil authorities, and the individuals brought that city out of the mud more rapidly than many of us had anticipated. It means that government can survive emergencies provided the people who create that government have confidence in it.

CHAIRMAN McNUTT: We will next hear from Mr. Arthur C. Ringland, of the flood committee of the United States Department of Agriculture.

MR. ARTHUR C. RINGLAND: The immediate activity of our department is confined to carrying out with the army engineers, the Omnibus Flood Control Act, passed by Congress last June. It says that federal investigations and improvement of water ways for flood control purposes shall be under the Secretary of War, and that federal investigations and measures for watershed control and soil erosion prevention shall be under the Secretary of Agriculture.

Following that policy, Congress directed the examination and survey of some three hundred waterways and watersheds. The Department of Agriculture, working with

the Department of War, is making preparations to complete such examinations.

CHAIRMAN McNUTT: Mr. Benesch, would you care to give a résumé of the Ohio ideas as they have been formulated?

MR. BENESCH: I can only refer again to the resolutions adopted by the Flood Control Conference.

CHAIRMAN McNUTT: Some of us read résumés of them in the papers this morning. Just whom did that conference represent?

MR. BENESCH: The meeting was attended by 475 members of business organizations and public officials covering nine states.

CHAIRMAN McNUTT: Mr. Walter Blucher is the executive director of the American Association of Planning Officials. We would like to have some comment from him.

MR. WALTER BLUCHER: Everyone appears to agree that we ought to have some kind of a broad program of development for the region before proceeding with isolated improvements. My interest is in finding just what we can do to make such a plan.

CHAIRMAN McNUTT: Mr. Gallagher, could you give a statement about the work of the Interstate Commission of New York, New Jersey, and Connecticut.

MR. HUBERT GALLAGHER: The Interstate Sanitation Commission for those three states was set up to handle the pollution problems in the New York Bay region. It is composed of legislative and administrative members, somewhat similar to the Interstate Commission on the Delaware River Basin.

The commission was given full authority to negotiate this compact which has been drafted by the sanitary officials of the three states. At present there is some opposition of a minor nature from Connecticut because of the fact that the Interstate Sanitation Commission has become an administrative authority instead of being merely a policy making and advisory commission. I think that is a question which will have to be ironed out in all these commissions.

CHAIRMAN McNUTT: Would you mind making a comparison between that, for example, and the Interstate Commission on the Red River?

MR. GALLAGHER: The Interstate Com-

mission on the Red River is composed principally of planning officials. The question of membership should be given further attention because many of these commissions which were set up consisted of a staff of administrative experts, planners, directors of state planning agencies, and sanitary officials. Many thought the commissions should have legislative members.

CHAIRMAN McNUTT: Senator Rodgers, will you give us a brief case history of the Tri-State Authority of Ohio, Pennsylvania, and West Virginia.

SENATOR RODGERS: In 1907 Pittsburgh had a flood which caused so much concern that we felt something had to be done. The citizens, through the chamber of commerce of Pittsburgh, formed a commission called a "Flood Commission for the Purpose of Studying the Question As to Whether Floods Could Be Prevented in the City of Pittsburgh."

Over a twenty-five year period a plan was formulated, which the United States engineers said they believed was workable and would result, if carried to its conclusion, in the ultimate solution of the flood problem in so far as Pittsburgh was concerned and, of course, in turn would relieve everyone in the Ohio and Mississippi Valleys of that great volume of water which causes so much concern.

After twenty-five years the next step was the forming of a citizens' group, the main object of which was to bring pressure to bear on the legislature and on the authorities in Washington to bring about the completion of this plan. So the Tri-State Authority was set up.

This Tri-State Authority has no official status. It is made up entirely of the citizens and is supported by the citizens. The large steel interests, the railroad interests, the city of Pittsburgh, and the county of Allegheny all subscribe annually to the support of this organization.

It is my duty as head of the organization to pledge our support to any organization which you might form.

CHAIRMAN McNUTT: We have with us today Colonel Arthur, who is in charge of the Muskingum Conservancy District.

COLONEL ARTHUR: We are building in the Muskingum Valley approximately one and one-half million feet of storage pro-

vided by fourteen dams at a cost to the United States of twenty-five and one-half million dollars and to the localities of approximately fourteen million.

The project was authorized by the Public Works Administration and by agreement of the local citizens that they would bear the cost of acquiring all necessary lands and relocating all highways.

Mr. Wolman mentioned the fact that people have encroached on the flood ways of various streams. That is quite true. But let us not forget there was a very definite reason for that encroachment. They did not go into the valleys of the Monongahela or the Allegheny above Pittsburgh and take the chance of being flooded as they were in 1936 for any reason other than the very definite one of economics. They went there and took a chance that the natural advantages of locating in those extreme valleys would outweigh the possibilities of a flood once every twenty-five years.

In 1928 Congress told the War Department and the Secretary of War to study all of the main streams in the United States. Those comprehensive reports have been prepared and have been submitted to Congress. As far as the Ohio Valley is concerned, there are twenty separate reports covering the twenty-one main tributaries. Those reports contain all data that is available concerning the water which has fallen, what has happened to that water, and what we can do about it.

In the last session of Congress there was passed what is known as the "Omnibus Control Bill of 1936." That bill authorized certain projects which were recommended in these various reports. Incidentally, there was authorized for the protection of Pittsburgh a system of nine reservoirs which would cost approximately eighty-five million dollars.

Congress was very generous in authorizing \$310,000,000 worth of flood control projects, but unfortunately it adjourned without appropriating a single dollar. I think I can say that within sixty days after Congress appropriates the money the War Department can start construction of these reservoirs, the purpose of which is, of course, to prevent floods. Construction on one of them can start within thirty days after the money is made available.

The House Document Number 306 of the seventy-fourth session of Congress contains a detailed description of possible reservoirs to control flood in the Ohio Valley. The system consists of a total of thirty-nine different dams, and I might say that the estimated cost is approximately two hundred ten million dollars for the construction alone, not including the cost of lands or dams. The law and announced policy for the states is that after these structures have been erected they shall be maintained and operated by local interests. It happens that in the Muskingum Valley a local interest represented by a conservancy district, created under the terms of this act which I have mentioned, has agreed to do just that.

If this group believes that the policy contained in this 1936 bill is wrong, you must persuade Congress to that effect. If you think the federal government should consider this as a national project, that flood control in the Ohio Valley is not a local problem but part of a national one, persuade Congress to that effect.

I think there now exists in the various re-

ports which have been submitted to Congress all the necessary information, data, studies, and possible schemes for preventing future floods in this valley. The only thing that remains is for Congress to do something about it.

CHAIRMAN McNUTT: I see that Mr. Clifford W. Ham, executive director of the American Municipal Association, has returned to the room.

MR. CLIFFORD W. HAM: I think the city administrations have done and are continuing to do an excellent job in the responsibilities which face them in connection with problems of disaster. They have acted in the first hour of rescue of individuals from the flood areas and in the second hour of rehabilitation. The third hour, of course, is this regional planning for the prevention of disasters. This is a job that must be joined together through municipal action, through state action, through federal action.

The meeting recessed at 12:30 P.M. The afternoon was devoted to meetings of special sections which were not reported.

## SATURDAY MORNING SESSION

*February 6, 1937*

THE meeting was called to order at 9:45 A.M. by former Governor McNutt.

CHAIRMAN McNUTT: I desire to place in the record a telegram from Mr. Thomas A. Logue, secretary of Internal Affairs, state of Pennsylvania.

"As Chairman Interstate Commission on the Delaware River Basin regret impossibility to be present with Ohio Basin representatives meeting today tomorrow in Columbus. Please convey to delegates assembled my good wishes in their approach to the important problems of water resources in the Ohio Basin and my hope that out of their deliberations will come a continuing organization allied with the Council of State Governments which can make constructive use of the states concerned in the handling of interstate and local problems.

"Thomas A. Logue,  
Secretary of Internal Affairs  
State of Pennsylvania"

The first order of business this morning is the consideration of the report of the committee on action, Mr. Turner, chairman.

SENATOR TURNER: Your committee respectfully submits the following:

I. That there should be organized an Interstate commission on the Ohio Basin in the form set forth in a resolution attached to this report.

II. The committee considers that the functions of the commission should be:

A. To consider the plans and data which have been developed or which may come to be developed by various national, regional, state, and local planning and administrative bodies relating to the conservation and uses of the water and land resources of the Ohio Basin and such other matters as are of regional significance.

B. To develop the means and procedure by which the general plans and policies proposed for the development of the region may be carried out.

C. To sponsor the carrying out of properly developed plans which result from surveys and research concerning population, land, and water resources and uses and other related subjects.

D. To coordinate the activities of the commissions and committees on interstate cooperation in the states of New York, Pennsylvania, Virginia, West Virginia, Ohio, Kentucky, Indiana, Illinois, and Tennessee, and their joint agency, the Council of State Governments, with the work of the appropriate state and federal agencies for the prevention and control of floods and the elimination of pollution, and for the proper general use and control of the waters of the Ohio Basin.

E. To encourage such interstate compacts, uniform laws, and such other measures as may be needed to accomplish the foregoing purposes.

F. To advance, perpetuate, and outline the work recommended by this conference and to develop and propose new objectives.

Ellwood J. Turner, Pennsylvania, Chairman

Emerson Campbell, Ohio

Morton L. Wallerstein, Virginia

Robert Kingery, Illinois

Jacob Weiss, Indiana

Following this a motion to adopt the report and the resolution establishing the Interstate Commission on the Ohio Basin and a motion to adopt the resolution requesting legislatures to appropriate funds were passed. For text of the resolutions as passed, see page 195.

SENATOR TURNER: I desire to offer a resolution suggested by Senator Campbell from Ohio. It reads as follows:

"It is the realization of the committee that the flood hazards in the Ohio Basin present a problem beyond the financial and engineering ability of the several states, and it being both an emergency and long range matter, we recommend it be considered as an interstate-federal project, with each of the several states cooperating to the extent of their ability, and further we recommend each of the several states favor amendments to the Federal Flood Control Act of 1936 by providing for a modification of local contributions and damages."

SENATOR MONROE (Illinois): I would suggest the gentleman explain more fully what he has in mind.

SENATOR CAMPBELL: I do not know of any state represented here that can meet the financial problems which will be required of states under the present federal and state laws to meet the flood situation. For that reason, I have presented this resolution.

MR. P. E. WARD (Ohio): This resolution states clearly that it is the opinion of this group that the financing of flood control is largely a federal problem. The drainage area of the Mississippi Basin is 41 per cent of the entire area of the United States. If that one statement is not sufficient evidence that this is a national problem rather than a local one, my logic is not very good.

I hope something can be done in the way of adopting this resolution or one that conveys the same general idea.

SENATOR MONROE (Illinois): I believe that the states should do something about this. I think there are points at which the states can and probably ought to participate. We frustrate the whole procedure if we merely memorialize Congress to do something about it. The idea of interstate cooperation is negated on the spot.

Is the idea to have the federal government pay all the damages?

SENATOR CAMPBELL: It might be all. The Wilson-Copeland Bill provided the state should furnish the real estate and pay the damages.

SENATOR MONROE: I think we are quarreling about matters that ought to be considered by this Commission we have just created.

MR. WARD (Ohio): I think we as a group ought to indicate whether or not we sympathize with the attempts being made in Washington to do something further in the financing of flood prevention.

The National Resources Committee has studied these problems; the army engineers have studied them; independent organizations have studied them. There is no information we need. It is activity we need. It seems to me there is nothing out of line if we express ourselves as being in sympathy with the further action of Congress.

SENATOR GRAVES (Tennessee): It seems to me that the representatives of the various states are here for the purpose of encourag-

ing and welcoming the federal government to cooperate in relieving our troubles.

MR. PRESTON (West Virginia): The resolution before the conference, to my mind, does not involve or imply the abandonment of this interstate movement. It specifically provides that each of the several states should cooperate to the extent of its ability. I know that West Virginia could not hope to do the splendid work Pennsylvania is doing, because it is not financially able to do so. For that reason, I think this resolution is worthy of this convention as a particular step which might be taken in this emergency.

MR. MONROE (Illinois): The financial condition of the states becomes somewhat of a psychological factor. I remember in the beginning we felt rather impotent on the subject of relief in Illinois; at one time the federal government was spending as much as ten million dollars in our state. It finally said we had to do it ourselves; and we proceeded to provide relief. As long as the federal government will do it, the state will not.

The question is whether we expect to memorialize Congress to do the whole job or assert our willingness to participate in it.

SENATOR WEISS: The language of the resolution is not exactly proper to carry out its intent, as expressed by the gentlemen who are supporting it from the floor.

I think the following wording would accomplish everything this conference can undertake in the way of requesting federal cooperation in connection with the arguments which have come forth today.

"It is the realization of this conference that the flood hazards in the Ohio Basin present problems beyond the individual abilities of the several states, it being both an emergency and long range matter, and that it is a federal as well as an interstate problem, each to cooperate to their full abilities and according to their respective responsibilities."

I move the language I read as an amendment to the resolution presented by Senator Campbell.

The motion was seconded by Mr. Kingery.

MR. CAMPBELL: The first resolution does

not relieve the state of expense, but will leave to the states the problem of securing right of way, title, and other things. There are two states in the Ohio Valley Basin which have no conservancy acts. Such acts would have to be set up by those states. I doubt if the states are financially able to do so. If the first resolution is adopted, and there is the modification by which the federal government pays for the land and title, then those two states could come in for immediate relief. We are not relieving the states of responsibility, but we are asking the federal government not to require all the states to pay the entire amount of dams and damages and the entire cost of the land.

This is going to be a long range program, and after certain sections of the state have been protected by dams and by this conservancy act of the federal government it will be difficult to carry a bond project in any of these states, because that part of the state which has protection will hesitate about voting a bond issue upon themselves to help out the balance of the state.

CHAIRMAN McNUTT: Is there any further discussion on the motion to substitute?

SENATOR WEISS: In the drafting of the substitute, I left out any reference to modification or recommendation of any kind of law to Congress. I think the recommendation proposed by Senator Campbell in the original resolution is too indefinite; I myself would not know how to approach the suggestion for recommendation to Congress. If we are to make such a recommendation it should be the subject of another resolution. We are stating the opinion of this conference as to what the problem is and what our respective responsibilities may be. That is as far as this particular resolution should go.

If we urge Congress to change any legislation now on the books we ought to be at least definite and specific and name the law to which we refer.

CHAIRMAN McNUTT: The question is on the substitute motion.

All in favor say "Aye"; contrary "No."

The motion was carried.

SENATOR TURNER: I agree that it might be necessary to ask for some modification of the acts to which the gentleman referred, but, it seems to me, that can be done better

by this Commission, and is one of the reasons for which we created it.

SENATOR CAMPBELL: I would like to have an expression from Kentucky, West Virginia, and Tennessee of their attitudes toward a resolution asking for a modification of the 1936 Flood Control Act.

MR. PRESTON (West Virginia): As far as West Virginia is concerned, we would favor it. If there is any question about the meaning of the modification, our idea of that would be to eliminate any liability of contribution by the state.

SENATOR CAMPBELL: I move the chair appoint a committee of three to draft a resolution embodying what it considers best concerning modification of the 1936 Flood Control Act.

The motion was seconded by Mr. Ward of Ohio and carried, New York and Virginia not voting.

CHAIRMAN McNUTT: I shall appoint on that committee Mr. Cammack of Kentucky, Senator Campbell and Senator Monroe of Illinois.

The committee withdrew and a recess was declared.

CHAIRMAN McNUTT: I shall now ask Senator Campbell to report for his committee.

SENATOR CAMPBELL: "This conference recommends to Congress that the provisions be eliminated in the Flood Control Act of 1936 requiring states or local subdivisions to furnish land and right of way to be used in connection with flood control projects."

I move the adoption of this resolution.

MR. WARD: I second the motion.

SENATOR RODGERS: If this convention passes a resolution of that character and Congress considers it seriously, I am sure we would delay the flood program for at least another year. Pennsylvania has gone on record as willing to pay approximately one-half of the cost of the entire program. The original estimate was twenty-five million, and the estimate of the federal government was twenty-nine and one-half million. That has been raised considerably because of the additional cost of labor and material. I am sure Pennsylvania would be glad to have Congress modify to some

extent the state participation provision. But if you put this back to a 100 per cent federal load it is the three billion dollar project submitted to Congress originally. You can imagine what would happen should the federal government have to pay the full 100 per cent of this appropriation.

So I say the states have to participate to some degree, at least, in this flood control program.

MR. BETTMAN (Ohio): I would like to present the following resolution to this conference:

"In furtherance of the aims of this conference, the conference recommends that the legislatures of the constituent states lend encouragement to and coöperate with the state planning boards and local planning agencies by enacting appropriate enabling legislation and by other means to make possible the effective work of these agencies."

I move the adoption of this resolution.

The motion was seconded by Mr. Sullivan, of Indiana, and carried, after which a five minute recess was declared.

CHAIRMAN McNUTT: The question is on the resolution presented by Senator Campbell.

SENATOR MONROE: I wish to offer a substitute which is not an elimination but a liberalization of the requirement that states participate.

"WHEREAS, because of the depression some states are not financially able to meet the requirements of the 1936 Flood Control Act, the conference recommends to the federal Congress that the provisions of that act requiring states or local subdivisions to furnish land and right of way, to be used in connection with flood control projects, be liberalized, so that the states can at this time effectively coöperate in the construction of such projects."

I move the adoption of this resolution as a substitute.

The motion was seconded by Senator Weiss.

SENATOR WEISS: It seems to me that there is a provision in the 1936 Act which can effectively accomplish the intent and purpose and hope of the Ohio delegation, the Kentucky delegation, and others who

find themselves representing states which cannot at the present moment meet the obligations as set forth in the bill.

Section 4 of the Copeland Act is as follows: "The consent of Congress is hereby given to any two or more states to enter into compacts or agreements in connection with any project or operation authorized by this act for flood control or the prevention of damage to life or property by reason of floods upon any stream or streams and their tributaries which lie in two or more such states, for the purpose of providing, in such manner and such proportion as may be agreed upon by such states and approved by the secretary of war, funds for construction and maintenance, for the payment of damages, and for the purchase of rights of way, lands, and easements in connection with such project or operation. No such compact or agreement shall become effective without the further consent or ratification of Congress, except a compact or agreement which provides that all money to be expended pursuant thereto and all work to be performed thereunder shall be expended and performed by the Department of War, with the exception of such reasonable sums as may be reserved by the states entering into the compact or agreement for the purposes of collecting taxes and maintaining the necessary state organizations for carrying out the compact or agreement."

My interpretation of Section 4 is that Congress has authorized the entering into agreements and compacts, cooperation among states, subject to the approval of the Secretary of War, permitting the agreement of the payment of a proportion of the damages for the purchase of right of way, lands, and easements. We already have that authority from Congress. The nine states affected by this catastrophe on the Ohio River can meet in another conference, or continue this one, and agree upon terms of approach and proportionate undertaking by each of these several states affected.

SENATOR TURNER: In view of the statement by the gentleman from Indiana and the very clear statement in the act, I move that the original resolution introduced and the substitute resolution be laid on the table, and that the whole matter be referred to the Interstate Commission on the Ohio Basin as soon as organized, to take action under

the provisions of this act of Congress.

The motion was seconded by Senator Weiss.

CHAIRMAN McNUTT: All who favor this motion to table will signify by saying "Aye"; opposed "No." A division is called for. All in favor make it known by rising.

The following arose: Illinois, New York, Pennsylvania, Indiana, Tennessee, Virginia. Those opposed: Kentucky, Ohio, and West Virginia.

SENATOR TURNER: I now move that this discussion be transcribed, and together with a copy of this act and the references made by the Senator from Indiana, that it be referred to the commission at the organization meeting.

The motion was seconded by Attorney-General Kerner, of Illinois, and carried.

CHAIRMAN McNUTT: I should like to present to this body the former speaker of the Ohio House of Representatives, Speaker Bevins.

MR. BEVINS: Governor Davey wished me to express his regrets for his inability to attend any of your meetings. He also asked me to extend greetings to the delegates from the various states at this convention.

Governor Davey is intensely interested in local government, and his theory of government, as explained and asked for by the legislature, is that local governments should contribute to the support of all public enterprises. The other day he asked the legislature to extend the relief bill so that the political subdivisions could contribute at least a part of the cost.

MR. KINGERY: Would it be appropriate at this time to express our appreciation of the great courtesy of the Ohio Delegation, of the city of Columbus, and of the Council of State Governments?

Such a motion was made, seconded and carried unanimously.

EXECUTIVE DIRECTOR TOLL: I would like to repeat what Mr. Kingery has said in thanking the Ohio Delegation--Mr. Bettiger, Senator Ward, and Senator Campbell

—who worked on the committee, and others who helped us in the preparation of this meeting, and the hospitality connected with it.

I believe we see very definitely in this work the development of statesmanship, where men elected as partisans in their local communities can come together without

partisanship but with a spirit of coöperation to attempt to make a more perfect union.

SENATOR TURNER: I move that this body adjourn.

The motion was seconded and carried, and the meeting adjourned at 1:00 P.M.

## RESOLUTIONS

### I

**W**HEREAS, it appears that there are many interstate problems affecting the welfare, health, and happiness of the people residing in the Ohio Basin, among which problems are the prevention and control of floods, the fuller enjoyment of natural resources, the improvement of industry, transportation, navigation, commerce, utilities, education, recreation, and the abatement of pollution; and

WHEREAS, it cannot be overemphasized that flood prevention, important as it is, cannot be understood or treated as an isolated problem, but that it is integrally related to other problems of the control, use, and conservation of both water and land, such as pollution, navigation, water supply, recreation, irrigation, drainage of agricultural and other lands, conservation of both surface and subsurface waters, power, reforestation, soil erosion, wild life, and transportation, and that these interrelations should be recognized in any planning of or program for the Ohio Basin; and

WHEREAS, it seems advisable to create an interstate commission to coördinate the activities of the commissions and committees on interstate coöperation and their joint agency, the Council of State Governments, the state and regional planning boards, the National Resources Committee, the corps of army engineers and other federal and state agencies interested in and charged with the solution of these problems; and

WHEREAS, it seems imperative that this commission shall evolve a plan of action; therefore be it

**RESOLVED**, that this conference of the commissions and committees on interstate

coöperation of the states of Indiana, Kentucky, New York, Ohio, Pennsylvania, Virginia, and West Virginia, and the representatives to this conference from the states of Illinois and Tennessee, hereby establishes the Interstate Commission on the Ohio Basin, to be composed of three members of the commission or committee on interstate coöperation from each state, one member from each house of the legislature, and one from the executive branch of the state government (a member of the planning board where feasible); each to be named by the chairman of the state's commission or committee on interstate coöperation, or by the governor where there is no such commission or committee.

The term of each member of the commission shall extend to the first day of February of the year following his appointment and thereafter until his successor is appointed.

The chairman of the commission shall be named by the president of the Council of State Governments from among the members of the commissions by and with the consent of the commissions, and the district representative of the Council of State Governments shall be ex-officio secretary-treasurer of the commission, and as such its chief of staff.

The commission may adopt articles of organization and rules of procedure not inconsistent with this resolution.

The National Resources Committee and the corps of army engineers shall be requested to send representatives to each meeting.

The commission shall meet at the call of the president of the Council of State Governments for the purpose of organization and action at the earliest possible date.

## II

It is the realization of this conference that the flood hazard in the Ohio Basin presents problems beyond the individual ability of the several states, it being both an emergency and long range matter, and that it is a federal as well as an interstate and state problem, each cooperating to its full ability and according to its respective responsibility.

## III

In furtherance of the aims of this conference, the conference recommends that the legislatures of the constituent states lend encouragement to and cooperate with the state planning boards and local planning

agencies by enacting appropriate enabling legislation and by other means to make possible the effective work of these agencies.

## IV

RESOLVED, that the conference recommends and requests that the legislatures of the nine states participating in this Ohio Basin conference make appropriations of funds to their respective commissions or committees on interstate cooperation, so that the work of the Interstate Commission on the Ohio Basin can be expedited and made effective, and that in those states in which the legislature is not in session that the governor be requested to make available to the commission funds for this purpose.

CONDENSED MINUTES  
of the  
ORGANIZATION MEETING  
of the  
INTERSTATE COMMISSION  
on the  
OHIO BASIN

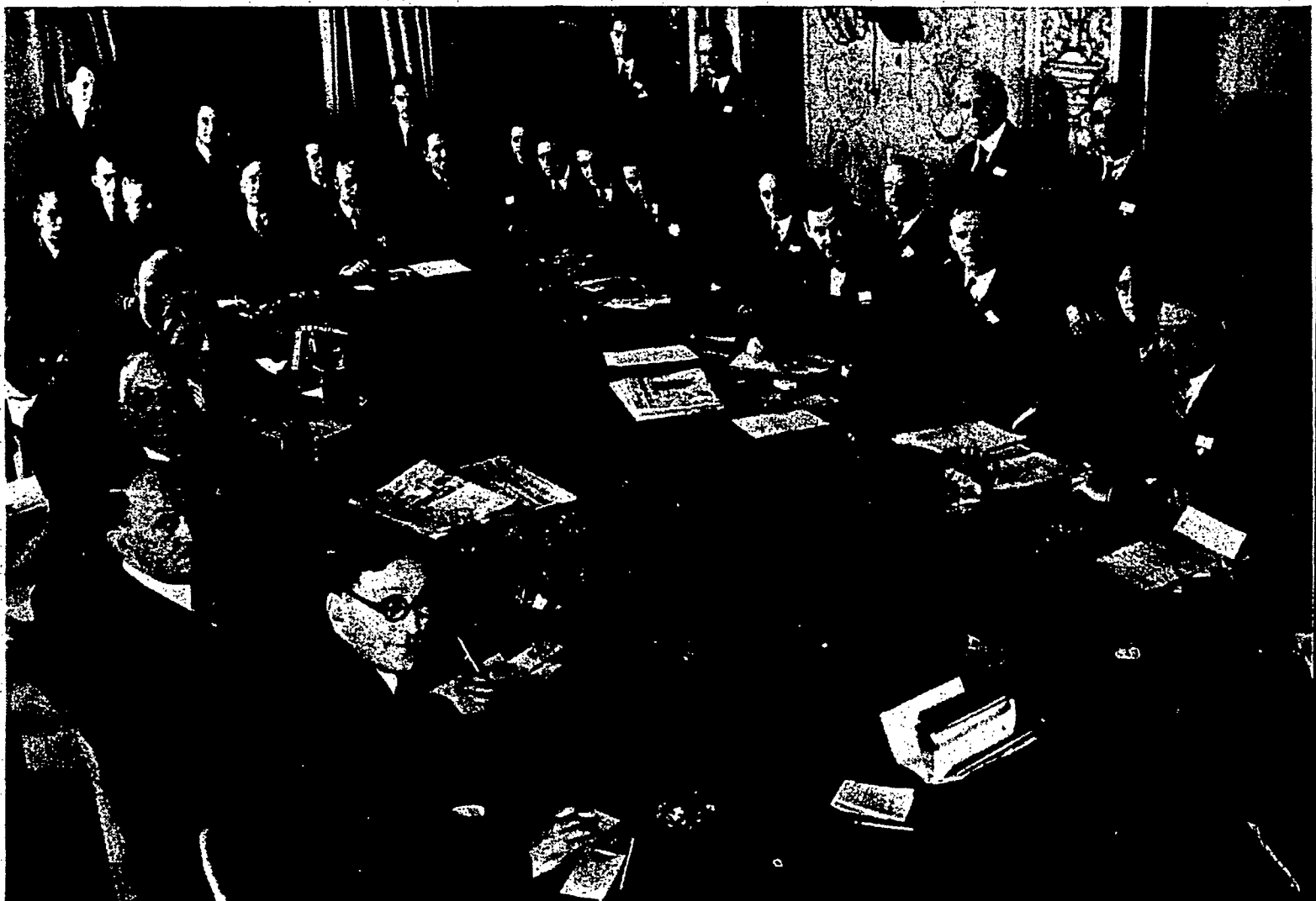
FEBRUARY 19 AND 20, 1937  
CLAYPOOL HOTEL  
INDIANAPOLIS, INDIANA

## NINE STATES ORGANIZE INCOHIO AT INDIANAPOLIS

Around the table, clockwise, from the lower left: Colonel J. D. Arthur, Jr., United States Army Engineers; Senator Emerson Campbell, Ohio; Representative P. E. Ward, Ohio; Representative R. G. Kinkle, Tennessee; D. W. Eagan, Assistant Director, State Planning Commission, Tennessee; John E. Ulrich, State Planning Board, Kentucky; David W. Robinson, Executive Secretary, Interstate Commission on the Delaware River Basin (standing); Stewart G. Wilson, Council staff member, seated behind Lawrence V. Sheridan, Consultant, State Planning Board, Indiana; Wayne D. Heydecker, Director State Planning Council, New York (standing); Alfred Bettman, District Chairman, National Resources Committee, Ohio; Miss Margaret Casmon, Council staff member; Major Charles J. Calrow, Director of Planning, Virginia; George W. Olcott, Executive Secretary, Ohio Valley Regional Planning Commission, Ohio (standing); Senator Jacob Weiss, Indiana; Miss Evelyne Sparling, Council staff member; Morton L. Wallerstein, Chairman, State Planning

Board, Virginia; Representative Lloyd Harris, Illinois; Charles E. Mills, Council staff member (standing); Representative Paul Powell, Illinois; Hubert R. Gallagher, District Representative of the Council (standing); Robert Kingery, Chairman, State Planning Commission, Illinois; Raymond T. Nagle, Council staff member; Charles P. Casey, Director, Department of Public Works and Buildings, Illinois; Senator James O. Monroe, Illinois, Chairman of the Commission; Dr. B. D. Myers, Vice Chairman, State Planning Board, Indiana, and John J. D. Preston, Chairman, Public Service Commission, West Virginia (standing); stenotypist; and Henry W. Toll, Executive Director, Council of State Governments.

Present but not shown in the photo: Senator I. Floyd Garrott, Hon. Paul V. McNutt, Senator Ura Seeger, and Representative William E. Treadway, all of Indiana; James W. Cammack, Jr., Public Service Commissioner, Kentucky; and Ralph C. Edgar, Executive Secretary, Tri-State Authority, Pennsylvania.



## FRIDAY MORNING SESSION

*February 19, 1937*

**T**HE Organization Meeting of the Interstate Commission on the Ohio Basin was called to order at 10:00 A.M., in the Florentine Room, Claypool Hotel, Indianapolis, Indiana, By Hon. Paul V. McNutt, president of the Council of State Governments.

Senator James O. Monroe of Illinois was elected chairman after which the roll call was taken.

**CHAIRMAN MONROE:** I think we may start by hearing from the planning commissioners of the different states.

Mr. Heydecker is present from New York.

**MR. WAYNE - D. HEYDECKER:** As the National Resources Committee in its recent publication, "Public Works Planning," has aptly said, "The Ohio River is a sewer, a source of water supply, an outlet for floods and a highway." One-seventh of the population of the United States, approximately sixteen million persons, are directly concerned with the waters of the Ohio Basin.

The great problem of the Ohio River is that of flood control. The army engineers argue that reforestation and soil erosion control will not aid materially in solving the problem. In consequence, the engineers have recommended a comprehensive plan of reservoir control as the most feasible method of meeting the flood problem on the Ohio River. The greater part of the flood benefit, they say, can be secured by building thirty-nine of these reservoirs, but under present conditions only fourteen appear to justify immediate construction. These have been authorized in the Flood Control Act of 1936.

From the standpoint of the planning authorities in the states affected, the occupancy of the flood plains appears to be one of the most important factors in the whole situation. Remove the human occupants to a safer locality and the problem becomes less complicated and far less expensive. The land would still be available for those uses in which occasional flooding would not be serious.

What is here submitted is this: We have

been overlooking the opportunity to rebuild our river towns on a more spacious plan on higher ground with better traffic facilities, better housing, and a better pattern of communication, while at the same time lessening the damage to property and the danger to life that must otherwise remain in spite of the best flood control reservoir systems which can be designed and financed. The areas thus evacuated can be put to a wise and salutary public use as river front parks, camping and picnic areas, athletic fields, and similar uses, or devoted to agriculture.

As a practical measure for accomplishing such a result it is suggested that the legislatures of the several states consider the possibility of amending their state and local planning and zoning laws so as to give public authorities power to prevent the erection of permanent structures within areas subject to frequent and dangerous floods. We believe, however, that there should be a comprehensive study made by the state and local planning authorities in the areas subject to frequent floods and that each state should devise for itself a program which will best accomplish the results sought. We have been gambling with nature, flying in the face of Providence. How much more effective it will be if we can work with nature in seeking a solution of the problem of this great river basin!

**SENATOR EMERSON CAMPBELL (Ohio):** I think Mr. Heydecker's plan in theory probably is all right, but practically it would mean the greatest loss that Ohio could possibly sustain. To abandon the shipping facility of the River entirely seems to me to be an impractical thing, and one that would ring the death knell of that section of our nation. Furthermore it seems to me entirely unreasonable for us to expect a state to dictate to private industries where they shall locate their plants.

**DR. B. D. MYERS (Indiana):** I have the feeling that Senator Campbell does not understand the spirit of this report. It is not to abandon the Ohio River Valley. We have problems essentially like those in Ohio down in Lawrenceburg and Aurora, and

we could move the population of the towns to higher land. If it is correct that you cannot completely control floods by dams, we ought to take this extra precaution.

MR. HEYDECKER: Senator Campbell brought up two very pertinent points. I would anticipate that shipping would continue as before, and certainly with such permanent physical improvements and heavy construction necessary to provide terminals.

With respect to the point that it is unreasonable to dictate the location of business or industry or residences, some 1,553 municipalities in the United States, according to the last report of the National Resources Committee, have, over a period of years, enacted zoning ordinances in which they act for the protection of the public interests and the protection of public safety.

MR. BETTMAN: Most of us have on our statute books right now the legislation Mr. Heydecker suggests. Indiana has a complete set of planning laws which includes county planning and zoning and city planning and zoning. Ohio has a city planning law. Kentucky has county and municipal planning and zoning laws.

MR. HEYDECKER: Have you power to designate any areas as prohibited for building?

MR. BETTMAN: I do not know whether the zoning power would go that far or not. We have had a zoning ordinance for twelve years that creates industrial districts, in which any of the more restricted types of buildings can be constructed. This means that dwellings may be built in an industrial district.

We have drawn an ordinance prohibiting new residential structures in the industrial district. That makes all existing residential structures nonconforming, and the 75 per cent rule prevails, which means that a building destroyed by fire or by any other casualty cannot be reconstructed if the drainage amounts to more than 75 per cent of the reproduction value of the building. In the course of years the actual residential developments in the low-lying districts will tend to disappear.

There is the supposition that the city will buy up lots along the river with a view to developing parking spaces, and open

recreation spaces, where the flood damage would be only slight and temporary. There is also a consideration of double-decking. Industrial buildings would be on the upper level, and others which would not be hurt by flood would be on the lower level.

The Ohio Valley Regional Commission, of which I am chairman, issued a call to all the municipalities along the Ohio River which have not already created planning commissions and planning methods to do so without delay.

CHAIRMAN MONROE: Illinois has a problem which is undoubtedly a little different from the other states. Suppose we hear from Mr. Kingery.

MR. ROBERT KINGERY (Springfield): By the gradual encroachment on the Illinois River bottoms, and the building of levees too close together and too high, we simply concentrate the flood in a peak that moves at an unusual high all the way down the river.

There is constant demand on the part of those land owners who built the levees at their own expense, and farmed the land for a time, for state and federal help to keep those levees high enough to keep the water at its peak within the channel. The actual fact is that, during the past three or four years, our state planning board and our department of public works jointly checked on the economic value of the land behind those levees. They found in quite a number of cases that the land which is being protected back of those levees is not worth the cost of replacing or repairing the levees or the cost of the pumping stations.

As to the procedure, flood prevention should certainly come first.

Second, each of the cities and villages should study the feasibility, with or without state and county help, of moving out the man who cannot afford to move out himself or who cannot afford the cost of rehabilitation after a flood.

Third, in cities where the value of investments in industry and life and property is so great that it would be absurd to try to pick it up and move it, the construction of dikes and levees is the answer.

Would it not be a good idea for us to enumerate the modes of attack in our respective states; list them along with the subjects that have been discussed; and then

list the legislative matters which might be taken before our respective legislatures?

CHAIRMAN MONROE: I think that suggestion is very pertinent and in line with the general intent of the conference.

HON. MORTON L. WALLERSTEIN (Virginia): I would like to have Major Calrow make the detailed report for Virginia.

MAJOR CHARLES J. CALROW (Richmond): The report of the corps of engineers of the United States Army covers the situation in so far as floods in the subbasin of the New River are concerned. It states that the principal service to be rendered by flood control projects affecting the New River would be a reduction of floods in the Kanawha River.

The recommendations made by the United States district engineer, in the report just mentioned, included one for the construction of what is to be known as the "Bluestone Reservoir," the dam for which will be located in West Virginia about three miles south of Hinton, with back water extending across the Virginia line up to the vicinity of Narrows in Giles County, a distance of about thirty-six miles upstream from the dam.

As far as can be seen from the studies so far made of the Virginia section of the New River, Virginia's principal interests in this stream lie in its potentialities as a source of hydro-electric power.

SENATOR WARD: I am not at all in favor of the zoning and planning which has been discussed. In dealing with floods in the Ohio Valley originally, attempts were made to conform with the normal bed of the river.

That has been proved to be impossible and will sooner or later be wholly abandoned.

When you talk about the losses in connection with these floods, my personal idea is that the loss from erosion exceeds all others.

Even so I think the immediate thing before us is to advocate in every way we can the building of flood prevention devices.

MR. LAWRENCE V. SHERIDAN (Indiana): It seems that we might possibly sum up this whole matter by realizing that the planning problems involved are both of a local and of a regional nature. Each community and each county along the river has a large number of local planning problems. Then we have the larger regional problem of preventing the floods, so far as it is possible to prevent them, and that takes us to the little streams at the upper end of the water sheds.

The corps of engineers has made an excellent series of studies and has devised this scheme of large reservoirs, which, so far as they go, are of tremendous value in preventing floods. There is great need for a more thorough and complete study of what can be done on the small streams to retain waters so that they will not add to the floods.

The only way we can reach final and sound conclusions is to make a thorough estimate of the situation in each of these basins, determine what the actual cost would be, then balance the different types of plans against each other, so we can use the most economical one.

The session adjourned at 12:30 P.M.

## FRIDAY AFTERNOON SESSION

*February 19, 1937*

THE meeting convened at 2:00 P.M., Chairman Monroe presiding.

CHAIRMAN MONROE: I suggest that we start off by having a word from Mr. Preston, chairman of the Public Service Commission of West Virginia.

MR. JOHN J. D. PRESTON (West Virginia): In connection with the discussion this morning of practical control of this problem by any zoning methods, that would

not be favored and would be impossible in West Virginia.

CHAIRMAN MONROE: Do you have much territory outside of Wheeling subject to flooding?

MR. PRESTON: The whole stretch of the state, from Cameron down within approximately 200 miles of Huntington is subject to these large, recurrent floods. Actually a great deal of our most severe

and frequent damage is caused by the sudden overflow of the streams in the mountains which destroys not only agriculture but industrial property, such as coal mines.

CHAIRMAN MONROE: We will hear from Mr. Eagan of the Tennessee Planning Commission.

MR. DENNIS W. EAGAN: If you could examine the record of the Tennessee Valley Authority a little more closely, I think you would see the advantages in considering all of the features of the problem which are not concentrated purely on flood prevention. So far, practically all of our Tennessee development is a power development, but the effect of those power dams has been to alleviate the flood conditions on that river.

In regard to levees which were mentioned, I realize that they are not a solution of the problem and yet we are proud of our levees in Tennessee, because they did save us along the Mississippi.

CHAIRMAN MONROE: I suggest we hear from Colonel Arthur who has spent a great deal of time studying these questions.

COLONEL J. D. ARTHUR, JR. (U. S. Army Engineering Corps, Zanesville, Ohio): In 1927 Congress told the corps of engineers to prepare a comprehensive plan covering practically all of the streams in the United States, including not only navigation but also flood control, irrigation, and power. Those studies are practically complete, and in so far as the Ohio Basin is concerned, there have been twenty-one separate reports covering twenty-two of the main tributaries. Those reports are supplemented by another report covering the Ohio Valley as a whole, and still another report covering the Ohio Valley as a tributary of the Mississippi.

Complete protection can be afforded by reservoirs as an engineering problem, but I would certainly not advocate such a system as the proper method of providing flood control. It is a dollars and cents proposition.

If Congress, in its wisdom, wants to provide complete protection, all that is necessary is to give us the money. We have the plans for fourteen reservoir systems which will cost \$85,000,000. That is not complete protection. If you want more protection, we will give you the thirty-nine

reservoir system, which will cost you \$211,000,000, not including the cost of the land. Finally to get to the ultimate development of the Ohio Valley, \$2,000,000,000 dollars is all that we ask.

These reports that we have submitted covered, as I said, flood control, navigation, irrigation, and power. You might well ask about soil erosion, water pollution, submarginal lands, and fisheries.

My answer is that they have no connection with the engineering problem of the location of those reservoirs. We have plans now for the reservoirs. There are no plans for these other corrections, but certainly it is not inefficient to superimpose on the system that now has been drawn up any studies of submarginal lands.

Congress for the first time in 1936 enunciated a national flood control policy. Briefly, Congress says, first of all, that any flood which produces damage, no matter to whom, which exceeds the cost of preventing that damage is a national problem. It says, furthermore, that the localities must assume certain responsibilities, and the responsibilities as outlined in that bill are that the localities furnish the land, pay the damages, and, when the systems have been completed, operate and maintain them. All that is necessary is simply to have Congress pass an act which changes that policy and appropriates the money. We are ready to start building the reservoirs within sixty days. In the case of the Blue-stone we can start construction within thirty days after the money is available, and that brings me to the detail of what is now law, as far as the Ohio Valley is concerned.

There are now authorized for construction, but with no money, fourteen reservoirs for the protection of Pittsburgh and the lower Ohio Valley. The estimated cost of those is \$85,000,000, which, as the law now stands, must be paid up to \$42,500,000, one-half of the total, by the benefited localities.

The Tygart River Reservoir is now under construction on a tributary of the Monongahela entirely at federal expense, because the federal government has recognized navigation as primarily a federal responsibility. The Tygart Reservoir is being constructed, not primarily for flood control, but primarily for navigation. From

an engineering point of view, it generally is cheaper to build what we call a "combined purpose" or "dual purpose" reservoir than to build separate reservoirs for each of the purposes.

Now, the only question that I see in connection with a solution is how far can we go in controlling these tributary streams when we consider the economics of the problem? The engineering has been solved. We can build anything that Congress decides it can pay for, and how much will be built will depend entirely on the appropriations.

MR. POWELL: If you construct these reservoirs let us say in Cincinnati, for instance, to take care of the water at certain intervals, is there not a possibility that the levee could be so constructed that when the reservoirs took this water and held it back it could not reach the high point which it did this time, and therefore would not overflow the levee?

COLONEL ARTHUR: Yes. Congress directed the army engineers to review their plans for reservoirs with the idea that possibly the most economic relief could be afforded by supplementing the reservoirs with levees.

There is a feeling among a large number of people that if we can afford reservoir protection, it is to be preferred to levees, because people living behind levees are certainly under a psychological fear that something might happen to them.

What the correct economic answer is I am not in a position to say. It is the same proposition as in the case of the Mississippi River where we furnished \$300,000,000 worth of flood control.

CHAIRMAN MONROE: That \$300,000,000 which you spent was mainly for the construction of levees and setback levees in flood areas?

COLONEL ARTHUR: Levees supplemented by what we call "flood waves." Flood waves cost money, because of the fact that the people who normally would be living in that flood wave must be reimbursed in the event that they are flooded out.

CHAIRMAN MONROE: What form of compensation was provided for those people?

COLONEL ARTHUR: Generally flood easements.

CHAIRMAN MONROE: Did the government buy that land?

COLONEL ARTHUR: No, the government has an easement to flood it whenever it sees fit, and the frequency of the flooding determines the amount of easement.

MR. TOLL: Colonel Arthur, in the case of a flood such as this recent one, would any amount of expenditure provide such control that virtually all of the damage could be averted?

COLONEL ARTHUR: It is engineeringly possible to control these streams 100 per cent, but it is not, in my opinion, economically justified. In other words, if we, by the expenditure of \$85,000,000, can eliminate 76 per cent of the damage, are we justified in spending an additional \$500,000,000 to eliminate the other 24 per cent? I think not.

SENATOR CAMPBELL: I think this Council of State Governments should send a delegation to Washington to contact the members of Congress as early as possible for the purpose of bringing pressure to bear about the appropriations.

I make that as a motion.

SENATOR WARD: I think we ought to go on record as being perfectly willing to endorse what Congress has already accepted as a matter of policy.

DR. MYERS: It seems to me that we ought to take advantage of the psychology of the present situation to get something done.

MR. EAGAN: I would like to clear up one point. When you say \$85,000,000 for fourteen dams, do you mean \$42,500,000 from the federal government and \$42,500,000 from the localities? If so, you will only be memorializing Congress for \$42,500,000.

COLONEL ARTHUR: The Flood Control Act of 1936 authorizes \$300,000,000 worth of flood control program. Congress generally makes a lump sum appropriation, and then tells the chief of engineers to take that money and spend it on authorized projects which will produce the greatest benefit.

MR. SHERIDAN: I think perhaps we should make a more careful study of these upper water sheds. Through a system of very small retention dams which will serve the purposes of drouth relief and erosion control as well as flood control, we might find a more economical way.

COLONEL ARTHUR: There can be no

question that such reservoirs have a value. But certainly in the Muskingum Valley we have found that for the same dollars and cents, results by that method of control average only about 50 per cent of what is being accomplished by larger reservoirs covering larger territories.

These small tributary dams have other uses than flood control, and if we add in the collateral benefits of the small reservoirs, we might find that they are justified.

MR. SHERIDAN: That is what I was trying to get at. It may be a coordinate thing, whereas otherwise it might be supplemental.

MR. KINGERY: In my opinion we ought to give our approval to that part of the program, authorized by Congress, which will immediately affect the flood waters in the Ohio River, and recommend appropriations to carry it out without specifying the number of reservoirs or the amount of money.

SENATOR WEISS: The point was made at Columbus that under Section 4 of the Flood Control Act it is permissible for states to get together, through interstate compacts, to work out a comprehensive plan in conjunction with, and subject to, the approval of the army engineers; and that, in such a case, a compact can be made between the states for a lesser contribution than the one-half that is required by the other provisions of the law under which the state acts individually.

Under the Copeland Flood Control Act, West Virginia, Kentucky, Pennsylvania, and New York can get together, and work out a plan whereby they contribute not 50 per cent but 25 per cent, according to their ability to pay. Therefore, I suggest that it would be bad psychologically to have this meeting organize itself and memorialize Congress.

CHAIRMAN MONROE: Would it be proper in connection with this resolution not only to ask Congress to proceed with its appropriation, and to go on with the necessary jobs, but also to ask the legislatures and the governors of these four states to do their share?

MR. TOLL: Is there a pending appropriation?

COLONEL ARTHUR: The budget which

has been presented to Congress contains a certain sum for flood control purposes. When Congress appropriates money, it says, "We hereby appropriate \$100,000,000 for authorized flood control projects." Then the Secretary of War has the option of spending that \$100,000,000 where he thinks it will do the most good provided that he spend it only on some project which has previously been authorized.

MR. TOLL: This resolution might be construed by Congress as an endorsement of an appropriation of, let us say, \$200,000,000 to be expended as the Secretary of War and the chief of the army engineers might determine. Two hundred million dollars might be appropriated, and then it might be decided to spend it in Oregon, and none of it would find its way into the Ohio project.

SENATOR CAMPBELL: I am willing to change the resolution to specify the fourteen dams, if you desire.

CHAIRMAN MONROE: If there is no further discussion upon the resolution of Senator Campbell, which has been restated, the chair will put the question for the adoption of this resolution.

A roll call of states resulted in the following vote: New York, not voting; Virginia, aye; West Virginia, aye; Ohio, aye; Kentucky, absent; Tennessee, divided; Indiana, not voting; Illinois, aye.

A formal vote was retaken on the resolution after the Commission was officially organized. See page 206.

SENATOR WEISS: Might I suggest that, since what we do will have the force and the weight of the commission behind it, we first organize. The proper procedure would be to organize this commission and then appoint a committee to adopt the resolution which would, in effect, be our constitution and bylaws. I so move.

After a discussion, the motion to appoint a committee for organization was carried, and the following committee was appointed: Indiana, Senator Weiss; Tennessee, Mr. Kinkle; Kentucky, Mr. Ulrich; Ohio, Senator Campbell; West Virginia, Mr. Preston; and Virginia, Mr. Wallerstein.

A committee to redraft Senator Campbell's motion consisting of Mr. Ward, Colonel Arthur, Mr. Bettman and Mr. Kingery was appointed.

MR. TOLL: I would like to read a resolution at this time which, I think, will be of interest to you.

"BE IT RESOLVED BY THE SENATE OF THE GENERAL ASSEMBLY OF THE STATE OF INDIANA, THE HOUSE OF REPRESENTATIVES CONCURRING, that the general assembly of the state of Indiana hereby commends President Franklin D. Roosevelt for the appointment of former Governor Paul V. McNutt, of Indiana, as United States High

Commissioner to the Philippine Islands, and hereby expresses its cordial appreciation for the honor and distinction which has thereby been conferred on former Governor McNutt and upon the state of Indiana.

"That the secretary of the senate is hereby instructed to transmit an engrossed copy of this resolution to President Franklin D. Roosevelt and former Governor Paul V. McNutt."

The conference recessed.

## FRIDAY EVENING BANQUET

*February 19, 1937*

THE Friday evening banquet of the Interstate Commission on the Ohio Basin was held at the Claypool Hotel, Indianapolis; Senator Monroe, toastmaster.

GOVERNOR TOWNSEND: You have met here as the Interstate Commission on the Ohio Basin, and your organization was suggested and inspired by the Council of State Governments. I signed the bill which made us part of this organization.

To me this flood is a great national problem. But to lift ourselves out of any difficulty, I find that the most reliable help is always at home, and so I congratulate you representatives of states who are uniting to do something about your problem. Indiana cannot solve this problem alone, neither can Virginia or Ohio, but by uniting nine, or probably eleven, states you have great power and resources. You can at least correlate the efforts of the states and the federal government.

Indiana will do her share as she always has done. We are all interested in this great interstate movement. It has been my

privilege to serve in the Indiana House of Representatives, where I learned about the purposes of this great national organization, and I can see great possibilities in these united activities. After all, the keynote of everything we strive for and everything we accomplish is coöperation. The more we are able to break down state prejudices and state lines and similar barriers which in the past have tended to separate us, the more nearly we will accomplish the great ends which we desire for our people.

MR. J. W. CAMMACK (Kentucky): We have no hesitancy in saying that we look upon the control of the Ohio River as a national problem. We have assumed that the first step in the control of the flood waters of the Mississippi is to carry out the plan of the building of the dams recommended by the army engineers. That, as I understand it, is only a step in the total problem of controlling the Ohio. We are very hopeful that whatever this Commission thinks should be done will not be long in coming forth.

The meeting adjourned.

## SATURDAY MORNING SESSION

*February 20, 1937*

THE Saturday morning session convened at 9:30 A.M., Chairman Monroe presiding.

CHAIRMAN MONROE: The first thing to take up will be the report of the committee on organization.

Mr. Wallerstein read the articles of organization (see page 206 for final text) and moved their adoption. The motion was seconded by Mr. Eagan and carried. A motion to designate Senator Monroe as chairman and a motion to ratify all previous

actions of the conference were made by Senator Weiss, seconded, and adopted.

At this time Senator Weiss presented Senator Campbell's resolution and moved its adoption. The motion was carried. (See page 208 for text.) In accordance with the resolution Chairman Monroe appointed the following committee: Mr. Roy E. Furman, Pennsylvania; Mr. Virgil M. Simmons, Indiana; Senator Emerson Campbell, Ohio; Mr. Harold C. Osterberg, New York; Mr. John J. D. Preston, West Virginia; Mr. J. W. Cammack, Kentucky; Representative R. G. Kinkle, Tennessee; Mr. A. P. Staples, Virginia; and the chair, representing Illinois.

Two resolutions, one instructing delegates to make a compilation of studies in their own states and directing the Commission's chief of staff to make available to members of the Commission plans and programs already developed by other agencies, the other urging cooperation with the National Resources Committee in its study of the Ohio Basin, were passed at this time. (See page 208 for texts.)

CHAIRMAN MONROE: The budget committee consisting of Senator Campbell, Dr. Myers, and Mr. Preston is in with its recommendation as follows: Pennsylvania,

\$500; Ohio, \$1,000; West Virginia, \$500; Kentucky, \$500; Indiana, \$500; Illinois, \$1,000; Virginia, \$250; New York, \$250; Tennessee, \$500. This aggregates \$5,000.

SENATOR WEISS: I think this ought to be considered as a report for a tentative budget.

CHAIRMAN MONROE: Shall this Commission's representatives report back these various requests, or ought the committee do it?

SENATOR WEISS: I think the committee ought to do it by formal letter.

MR. EDGAR (Pennsylvania): A week from yesterday there is to be a meeting in Washington at which it might be well for the action committee of this group to be represented. It is a meeting of the United States Flood Control Federation which is a blanket organization that knits together the activities of about twenty regional citizens groups.

MR. PRESTON: There is also an organization known as the Ohio Valley Conservation and Flood Control Congress which has a stated meeting to be held in the City of Huntington, West Virginia, on Monday, February 22.

The meeting adjourned at 11:00 P.M.

## ARTICLES OF ORGANIZATION OF THE INTERSTATE COMMISSION ON THE OHIO BASIN

THE name of this Commission shall be the "Interstate Commission on the Ohio Basin." It is organized pursuant to the resolution adopted by the conference of nine states enumerated in the resolution set forth herein below and made a part hereof:

"WHEREAS, it appears that there are many interstate problems affecting the welfare, health, and happiness of the people residing in the Ohio Basin, among which problems are the prevention and control of floods, the fuller enjoyment of natural resources, the improvement of industry, transportation, navigation, commerce, utilities, education, recreation, and the abatement of pollution; and

"WHEREAS, it cannot be overemphasized that flood prevention, important as it is, cannot be understood or treated as an isolated problem, but that it is integrally related to other problems of the control, use, and conservation of both water and land, such as pollution, navigation, water supply, recreation, drainage of agricultural and other lands, conservation of both surface and subsurface waters, power, reforestation, soil erosion, wild life, and transportation, and that these interrelations should be recognized in any planning of a program for the Ohio Basin.

"WHEREAS, it seems advisable to create an interstate commission to coordinate the activities of the commissions and com-

mittees on interstate coöperation and their joint agency, the Council of State Governments, the state and regional planning boards, the National Resources Committee, the corps of engineers of the United States Army, and other federal and state agencies interested in and charged with the solution of these problems; and

"WHEREAS, it seems imperative that this Commission shall evolve a plan of action; therefore be it

"RESOLVED, that this conference of the commissions and committees on interstate coöperation of the states of Indiana, Kentucky, New York, Ohio, Pennsylvania, Virginia, and West Virginia, and of the representatives to this conference from the states of Illinois and Tennessee, hereby establishes the Interstate Commission on the Ohio Basin, to be composed of three members of the commission or committee on interstate coöperation from each state; one member from each house of the legislature and one from the executive branch of the state government (a member of the planning board where feasible), each to be named by the chairman of the state's commission or committee on interstate coöperation, or by the governor where there is no such commission or committee.

"The term of each member of the Commission shall extend to the first day of February of the year following his appointment and thereafter until his successor is appointed.

"The chairman of the Commission shall be named by the president of the Council of State Governments from among the members of the commissions by and with the consent of the Commission, and the district representative of the Council of State Governments shall be ex-officio secretary-treasurer of the Commission and as such its chief of staff.

"The Commission may adopt articles of organization and rules of procedure not inconsistent with this resolution.

"The National Resources Committee and the corps of engineers of the United States Army shall be requested to send representatives to each meeting.

"The Commission shall meet at the call of the president of the Council of State Governments for the purpose of organiza-

tion and action at the earliest possible date. Friday, February 5, 1937."

The meetings of this Commission shall be held at such times and places as shall be determined by the Commission or upon the call of the chairman. The chairman shall call a meeting and a meeting shall be held upon the request of any three states.

The permanent offices of this Commission shall be located in Cincinnati, Ohio.

Roberts' Rules of Order shall be the parliamentary law of this commission.

There shall be selected a vice-chairman in the same manner and for the same term as the chairman.

The terms of the first chairman and vice-chairman shall extend until March 1, 1938. Thereafter these officers shall be appointed for the term ending on the last day of February in the year following their appointment, or until their successors are appointed and qualified.

The Ohio district representative of the Council of State Governments shall be the secretary-treasurer of this Commission, and as such, its chief of staff. Such district representative shall determine the number of, hire, and discharge any assistants who may be necessary.

In voting, each state shall vote as a unit and the unit rule shall apply in determining the vote of each state. Each state represented at a meeting shall be entitled to one vote regardless of the number of delegates present, and no split vote shall be permitted.

Six states shall constitute a quorum. It shall be necessary for at least five states to agree to a proposition before the same shall be considered carried. The same may be submitted and voted on by mail, at the discretion of the chairman.

The provision in the first paragraph of the above, set forth resolution concerning the selection of the executive member from each state is construed by this Commission to mean that in any state which has a planning board the executive member shall be an individual connected with such board.

Whenever any member of the Commission is unable to attend a meeting he shall designate an alternate to serve in his place at such meeting. If such absentee is a senator, he shall appoint a senator, if he is a representative, he shall appoint a representative, and if he is an executive member

his alternate shall be an administrative official.

The chairman shall name the following standing committees: 1) budget, 2) planning and engineering, 3) legal, 4) public relations, 5) federal-state relations.

Membership on the committees shall not be restricted to members of this commission but shall be confined to governmental officials. Any person, however, may serve in an advisory capacity.

The budget committee shall recommend the budget for the Commission and deter-

mine the contribution to be requested from each state to defray the costs of this commission.

These articles may be amended at any time by the affirmative vote of at least six states, either at a meeting of the Commission or by mail ballot.

This Commission, or the chairman, subject to the approval of the commission, may invite the participation of other states, of individuals, of agencies representing the federal government, and of affiliated organizations of the Council of State Governments.

## RESOLUTIONS

### I

**RESOLVED**, that the Interstate Commission on the Ohio Basin endorse and approve the flood control project contained in House Document 306, 74th Congress (providing for fourteen flood control reservoirs), and authorized by the Omnibus Flood Control Act of 1936, and direct the chairman of this Commission to appoint a committee to take such steps as it deems advisable to secure action which will put in effect that project.

### II

**BE IT RESOLVED**, that the delegates to this meeting of the Interstate Commission on the Ohio Basin are instructed to undertake in their respective states the immediate compilation of studies and plans for the needs of the respective states for the development of the Ohio Basin, including water conservation, flood control, and related matters, for the welfare of the people residing in the Ohio Basin, and that this Commission's chief of staff shall promptly collect and make available to the members of this Commission such plans and programs as have already been developed by various agencies for the development of the Ohio Basin.

### III

**WHEREAS**, the National Resources Committee in its report to the President recommended joint investigations of selected river basins by state and federal agencies to provide bases for interstate action or permanent programs of water use and control utilizing the National Resources Committee for correlation and coordinating,

**NOW, THEREFORE, BE IT RESOLVED**, that the additional studies of the Ohio Basin as enumerated in the report of the National Resources Committee, be carried forward by that committee, and

That the Interstate Commission on the Ohio Basin, in order to carry forward these investigations, request the National Resources Committee to assign one or more planning consultants to work jointly with this Commission and the Ohio Valley Regional Planning Commission.

And, further, this Commission express its appreciation of the helpful and cordial cooperation which it is receiving from various federal agencies, and especially from the Department of Agriculture, the army engineers, and the National Resources Committee.

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